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## ACRONYMS

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ACF-DF	Agribusiness Credit Fund-Development Fund
ADAB	Association for Development Agencies in Bangladesh
ADB	Asian Development Bank
ASA	Association of Social Advancement
ASEAN	Association of South East Asian Nations
ATDP-I	Agro-based Industries and Technology Development Project-I (1995-2000)
ATDP-II	Agro-based Industries and Technology Development Project-II (2000-2004)
BASC	Business Advisory Services Center
BASIC	Bank of Small Industries and Commerce Corporation
BB	Bangladesh Bank (Central Bank)
BBS	Bangladesh Bureau of Statistics
BDS	Business Development Services
BDSP-B	Business Development Services Program-Bangladesh (Swiss Contact)
BFMEA	Bangladesh Frozen Food Export Association
BGMEA	Bangladesh Garment Manufacturers and Employers Association
BHB	Bangladesh Handloom Board
BIDS	Bangladesh Institute of Development Studies
BIM	Bangladesh Institute of Management
BITAC	Bangladesh Industrial Technical Assistance Centre (BITAC)
BKB	Bangladesh Krishi Bank, an agricultural development bank
BKMEA	Bangladesh Knitwear Manufacturers and Employers Association
BMDC	Bangladesh Management Development Center
BMEDP	Bogra Metal Enterprise Development Project
BMEEG	Bogra Metal Engineering Entrepreneurs Group
BMET	Bureau of Manpower, Employment and Training
BOI	Board of Investment
BPDB	Bangladesh Power Development Board
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board
BSCIC	Bangladesh Small and Cottage Industries Corporation
BSO	Business Support Organization
BSS	Business Support Services
BSRS	Bangladesh Shilpa Rin Sangstha (Bank)
BTDPLA	Bangladesh Textile Dyeing and Printing Industries Association
BTMA	Bangladesh Textile Mills Association
BTMC	Bangladesh Textile Mill Corporation
BUET	Bangladesh University of Engineering and Technology
BUSBC	Bangladesh United States Business Council
CDS	Community Development Service
CEFE	Competency-Based Economy Through Formation of Enterprises

CESO	Canadian Executive Services Organization
CGS	Credit Guarantee Scheme
CIB	Credit Information Bureau
CIDA	Canadian International Development Agency
CoP	Chief of Party
Crore	Equivalent to 10,000,000 Tk
DAE	Department of Agricultural Extension
DANIDA	Danish International Development Agency
DBI	DCCI Business Institute
DCCI	Dhaka Chamber of Commerce and Industries
DESA	Dhaka Electric Supply Authority
DFID	Department for International Development (United Kingdom)
EC	European Community
ECOTA Forum	An NGO network involved in handicrafts and hand-woven textile products
EDBM	Enterprise Development for Business and Management
EDP	Enterprise Development Project
EGAD	Economic Growth and Agricultural Development
EOPS	end-of-projects status
EPB	Export Promotion Bureau
FBCCI	Federation of Bangladesh Chambers of Commerce & Industries
GDP	Gross Domestic Product
GEMINI	Growth and Equity through Microenterprise Investment and Institutions
GNP	Gross National Product
GOB	Government of Bangladesh
GTZ	German Technical Assistance Agency
HES	Handloom Enterprise Survey
HKI	Helen Keller International
HRD	Human Resource Development
IBA	Institute of Business Administration
ICLARM	International Center for Living Aquatic Resources Management
IDA	International Development Agency
IFC	International Finance Corporation
IFDC	International Fertilizer Development Center
IGA	Income Generating Activity
ILO	International Labour Organization
IMF	International Monetary Fund
INFOMAT	Information on Markets and Technology
IP	Industrial Policy
IPP	Industrial Promotion Project (USAID)
IRR	International Rate of Return
ISAC-2	Second Industrial Structural Adjustment Credit (World Bank)
ITDG	Intermediate Technology Development Group
IUB	Independent University of Bangladesh
IVS	International Volunteer Services

JOBS	Job Opportunities and Business Support
LoP	Life of Project
LPG	Loan Portfolio Guarantee program
MACH	Management of Aquatic Eco-systems through Community Husbandry
MCCI	Metropolitan Chamber of Commerce and Industry
ME	Micro Enterprise
MECGS	Micro Enterprise Credit Guarantee Scheme
MELA	Microenterprise Lending and Assistance
MFI	Micro Finance Institute
MGF	Matching Grant Facility (World Bank BDXXDP Project)
MIDAS	Micro Industries Development Assistance and Services
MIS	Management Information System
MoA	Ministry of Agriculture
MoC	Ministry of Commerce
MoF	Ministry of Finance
MoI	Ministry of Industries
MoSW	Ministry of Women's Affairs
MoT	Ministry of Textile
NBC	New Business Creation
NBR	National Board of Revenue
NETP	National Export Training Program
NGO	Non-Government Organization
NMCP	Netherlands Management Cooperation program
NORAD	Norwegian Aid Agency
NOVIB	Netherlands Organization for International Development Cooperation
PIAG	Policy Implementation and Analysis Group
PKSF	Palli Karma Sahayak Foundation
PO	Partner Organization
PROSIKA	A National NGO
RDP	Rural Development Program
RDRS	Rangpur Dinajpur Rural Service
RMG	Ready Made Garments
SAARC	South Asian Association for Regional Co-operation
SAP	South Asia Partnership
SCI	Small and Cottage Industries
SCITI	Small and Cottage Industries Training Institute
SDC	Swiss Agency for Development and Cooperation
SEDP	Small Enterprise Development Program (DANIDA)
SEED	Small Economic Enterprise Development (Program of Proshika)
SEs	Small Enterprises
SHAKTI	A NGO
SICIS	Small Industry Credit Insurance Scheme
SME	Small and Medium Enterprises
SMME	Small Medium and Microenterprise

SOE	State-owned Enterprise
SO5	Strategic Objective 5
TA	Technical Assistance
TARD	Technical Assistance for Rural Development, a NGO
TOR	Terms of Reference
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank
WEDP	Women's Entrepreneurship Development Program
WID	Women in Development
WTO	World Trade Organization

### **Economic Infrastructural Context for Enterprise Development**

#### **Exports**

As the process of liberalization continues, Bangladesh's competitiveness in the external sector becomes increasingly important for its future growth. Export growth, robust over most of the 1990s at an average real rate of 12 percent, decelerated to 2.9 percent in 1999.

Bangladesh has a very narrow export base, consisting mainly of RMG and other textile products. As a result, export sector performance is largely dependent on the performance of the RMG sector. Lack of adequate infrastructure, weaknesses in management, and absence of appropriate technology have been identified as some of the reasons for the lack of a diversified base in exports in Bangladesh. Various incentives have been offered to stimulate non-traditional exports such as agro-processing, jewelry making and the IT sector, such as reduction in duty rates on machinery, spare parts, raw materials and lump sum allocation.

#### **Imports**

Imports have remained sluggish during the second half of the 1990s. However, there was a sharp rise in imports in 1999 due largely to the import of food grains following the 1998 floods. This has led to a widening of the trade gap. In 1999, imports of consumer goods declined while import of raw materials (9.2 percent) and capital machinery (19.3 percent) increased.

#### **Foreign Remittances**

Foreign remittance from migrant Bangladeshi workers remained buoyant over the past years, compensating for the slow growth in commodity exports to a certain extent. In 2000, the remittances amounted to US\$ 1,953 million, up by 14.2 percent from the previous year. This trend has increased the importance of remittance flows for replenishment of reserves and payment of imports. There is a need to undertake a program for upgrading the skills of workers, given the foreign exchange earning potential of immigrant workers.

#### **Exchange Rates**

Bangladesh pursues a policy of managed flexibility in exchange rates in order to sustain export competitiveness. For instance, the Taka was devalued eighteen times during 1996-2000. This led to a cumulative depreciation of the Taka of 19.1 percent. This policy of creeping depreciation intended to minimize adverse developments in the country's balance of payments.

## **Fiscal Measures**

During the 1990s, the government of Bangladesh undertook a number of fiscal measures that aimed at rationalizing the tax system. These reforms targeted both direct and indirect taxes. The main type of direct tax, the Income Tax was rationalized and its coverage was broadened. Corporate and personal income tax rates, which were high in the past, have been lowered and exemptions have been reduced. In addition, to encourage the export based industries, customs duty has been rationalized. Highest customs rates have been lowered substantially and the number of duty rates has also been reduced.

A decade ago, 15 percent Value Added Tax (VAT) was introduced in lieu of excise and sales taxes. Initially, VAT was applied to only manufacturing and import industries. However, subsequently, VAT was widened to encompass trading of imported and locally manufactured goods. At present, VAT also covers a number of services.

## **Cross-border Illegal Trading and Transaction**

Industrial machines, raw materials, and finished goods, are usually subject to taxes or duties on being imported. However, slack enforcement of these laws allows many businesses to import various items without paying any taxes. A 1998 survey of five thanas estimated that illegal imports of commodities in those five thanas amounted to about US\$ 185 million annually. Official imports from India in the same year came to approximately US\$ 780 million. Unrecorded exports to India in the same year was only about US\$ 41 million (Draper and Hossain 2001).

Businessmen often illegally resort to the Hundi system for making foreign payments. The Hundi system, which is basically barter based, works essentially through middlemen, who can ensure instantaneous transfer of funds to a foreign country. The borrower pays an equivalent amount in local currency to the local counterpart of the middleman when he receives assurance that the recipient is in possession of the loan. The Hundi system stems from the following:

- Businessmen are allowed to carry only a small amount of foreign currency abroad
- Official fund transfer channels are characterised by hassles and delay.
- Official foreign exchange rate of the currency often varies significantly from the market rate.

The government is often deprived of foreign exchange reserves due to the extensively used Hundi system. If total unrecorded imports and exports are about US\$ 800 million and US\$ 200 million a year respectively, total remittances would come to about 30 percent greater than the US\$ 2 billion a year reported by the banking system (Draper and Hossain 2001).

## **Investment**

It is evident from the table that total investment (through Board of Investment or BOI) increased at a faster rate in the first half of the decade than in the latter part. During this period the share of local investment dropped from 78 percent in FY92 to 39 percent in FY2000.



Foreign Direct Investment (FDI) was low in spite of the liberalised trade regime and consistent economic growth around 5 percent per year during the 1990s. During the period of FY95-FY2000, Foreign Direct Investment (FDI) was made to the tune of US\$10.3 billion. This amount is less than 19 percent of the gross investment of the economy for that period and US\$1.3 billion more than the foreign aid disbursements. Most of the inflow was in the form of loans and credits rather than equity (Draper and Hossain, 2001). Foreign investment was more in power generation, telecommunication, gas and oil exploration, etc.

## **Privatization**

The Privatization Board was created in 1993 with the objective of expediting the privatization process espoused by the Industrial Policy 1991. Progress has been painfully slow, with only 19 State Owned Enterprises (SOEs) being transferred from public to private ownership and management between 1991 and May 2000. Typically, only small and medium, rather than large enterprises were privatized.

It has been estimated that total SOE annual return on assets foregone (assuming a 13 percent opportunity cost of capital) is around 2 percent of GDP (Draper and Hossain, 2001). Due to the slow progress on privatization coupled with the SOEs poor performance, the SOEs have continued to drain public resources. The slower implementation of the privatization policy may be attributed to resistance from special interest groups, lack of transparency surrounding the privatization process, under-valuation of SOEs and a poorly developed securities market. Another important factor is employee resistance, led by trade unions, which are often linked to political parties.

## **Infrastructural Facilities**

Despite the importance given to the export-led growth policy, little has been done to improve Bangladesh's infrastructure. In particular, the transport and port facilities need drastic improvement in order to support the dynamic export-led growth policy envisaged by the Fifth Five Year Plan (FFYP) 1997-2002.

## **Ports**

Two seaports, the Chittagong Port and the Mongla Port, handle international cargo in Bangladesh. In 1998-99 Chittagong port handled 80 percent of the total import cargo (15.2 million tons) and 70 percent of the export cargo. As trade volume increases, there is a growing demand for cargo handling services. However, shortage of handling equipment and inefficient space management has resulted in traffic congestion and delays, as is evident from longer turn-around time for vessels at the Chittagong port. Consequently transit costs for container handling tends to be much higher than others in the region. Frequent strikes (hartals) and work stoppages by the trade unions also contribute to higher costs. The government has approved the provision of port facilities by the private sector (FY 1997/98). However, there is no foreign investment in port services.

## Gas

Bangladesh has proven recoverable resources of 13.7 trillion cubic feet (1997), with a reserve-to-production ratio of about 50 years. Since 1993, the government has opened up gas exploration and production to private investment. This sector has attracted foreign investment from various countries, including several international oil companies. The industrial and agricultural base in Bangladesh is heavily dependent on the expansion of gas based power.

*Petrobangla*, the state-owned petroleum company, and its subsidiaries produce about 70 percent of the commercial energy consumption. Almost half the gas supply has been allocated to power generation, about one quarter to fertilizer production, and the remainder is shared by industrial, commercial and domestic users. The problems faced by Petrobangla are inadequate access to resources, excessive bureaucracy, coordination in development schemes and inadequacy of the gas transmission system. Thus there is a need to strengthen the operational capacity of the gas sector.

## Electricity

Electricity coverage in Bangladesh, at around 20 percent of the total population, stands at one of the lowest in the world. Consumption of power, at 110kWh per capita per annum (in 1999) is also very low, reflecting a low level of economic development.

Bangladesh has an installed power generation capacity of 3,603 megawatts (MW), as opposed to peak demand of 2445 MW. Actual generation, is however, only 2,400 MW; mainly due to very high system losses, low efficiency, old equipment and financial constraints. This shortage in supply results in frequent power failures countrywide, particularly during the summer months. For example, the combined net system loss of the state-owned entities, the Bangladesh Power Development Board (PDB), the Dhaka Electricity Supply Authority (DESA) and the Rural Electrification Board (REB) was almost 17 percent in 1998-99. There has been a considerable reduction in system loss after the creation of DESA, as witnessed by system loss in 1990-91 of almost 35 percent. Load shedding has been on the increase through the years. In 1997-98, during peak hour load shedding occurred on 346 days (from 44 to 711 MW).

To reduce system loss, the distribution component needs to be rationalized. The current problems of distribution include ad hoc expansion of network, and improper size and location of the distribution transformers.

## Telephone

Bangladesh has one of the lowest teledensities in the world, at 0.4 per 100. The average waiting period for a new telephone line is between 3 months to 10 years. The cost of obtaining a new telephone connection is about US \$341 – roughly equal to the GDP per capita for 1998-99. The telecommunications sector is distinguished by low levels of investment, and outdated systems and technologies. In addition, the existing system is not equipped to meet the growing demand.

The government has opened the telecommunications sector to private investment. The government has selected two operators to provide telecom services in rural areas as well as four operators of mobile services.

## **Financial Institutions**

The banking sector in Bangladesh consists of four Nationalized Commercial Banks (NCB), five government owned specialized banks (to provide assistance to the industrial and agricultural sectors), 28 private commercial banks and 13 foreign banks. Given the dearth of funds available for investment, the government encourages foreign banks to provide banking services; and they are largely active in trade finance. NCBs tend to dominate the banking sector, accounting for approximately 60 percent of bank deposits and 54 percent of total bank advances in 1998-99.

The banking sector is beset with problems of Non Performing Loans (NPLs), low loan recovery rates, capital adequacy requirements, high spreads and fraudulent behaviour. The Central Bank lacks autonomy and professional management staff and is highly inefficient.

At present, 25 general insurance companies, and seven life insurance companies (including one foreign company) operate in Bangladesh. The share of insurance activity (as measured by premiums received) handled by the state-owned insurance companies has declined gradually to only around 20 percent, since the opening up of the sector for private investment in 1984. However, premium setting is controlled by the government, through the Chief Controller of Insurance, under the Ministry of Commerce. This reduces competition among insurance providers. In addition, some insurance business is reserved specifically for the state-owned insurance companies.

## **Governance Issues**

Corruption is rife at all levels in Bangladesh. This adversely affects the economic performance of business units, raises operating costs, and reduces the competitiveness of Bangladeshi businesses abroad. Businesses are affected by corruption from the establishment stage to the day to day running of the business to expansion.

The poor law and order situation is further aggravated by political interference in almost all tiers of society. Entrepreneurs who are successful in obtaining powerful political patronage can default on taxes, bank loans, utility bills with impunity.

On the other hand, most entrepreneurs have to pay monthly tolls to local gangs (mastaans) as a result of weak governance. In addition to this, entrepreneurs complain that any interaction with public sector officials – whether it is a one time contact such as obtaining a Trade License, or a periodic contact such as factory inspection, paying income tax or utility bills – means that entrepreneurs are forced to make informal payments to continue in operation. Coupled with the significant amount of time that the entrepreneur needs to spend in pursuit of these services, the cost of doing business increases substantially. Overall, the situation is extremely discouraging for enterprise development.

## **ANNEX N**

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### **Policy Regulatory Arrangements and Bodies**

Since 1992, Bangladesh has undertaken significant efforts to liberalize the trade regime. This has taken the form of reduced state involvement in trade and the abolition of all counter-trade and special trade arrangements. Furthermore, the customs tariff, which is the main instrument of the government's trade policy, has been greatly reduced; and the tariff structure has been simplified and rationalized.

The Import Policy Order (IPO) 1997-2002 embodies the liberalized trade regime, accommodating Bangladesh's decision to join the World Trade Organization (WTO). For instance, it does not discourage the import of consumer goods, unlike earlier import policy schemes. The Export Policy 1997-2002 aims at promoting exports in regional and international markets. It calls for the diversification of exports, encouraging backward linkages, simplification of procedures and developing the necessary infrastructure.

The Tariff Policy used to achieve two goals i.e. mobilization of government revenue and industrial protection. The weakness of the Tariff Policy in terms of realization is that instead of focusing on industrial/investment considerations, the Policy places more emphasis on revenue considerations.

#### **N1. Other Policies**

The Industrial Policy 1991 removed the telecommunications sector from the list of industries reserved exclusively for public sector investment. Bangladesh encourages participation by private investors, especially foreign, in order to achieve its goal of universal telephone service. Currently, low penetration levels characterize the sector, low investment levels, and outdated technologies.

The National Telecommunications Policy (NTP) 1998 drives towards reforming the telecommunication sector by improving the quality and availability of services through the infusion of technology (e.g. digitalization), greater access across the country and a competitive framework. In keeping with the Industrial Policy 1991, NTP98 encourages foreign investment in this sector.

In 1996, the government approved the Private Sector Power Generation Policy. This removed restrictions on domestic and foreign private investment. In addition, it exempts them from income tax, customs duties and VAT.

#### **N2. Regulatory Bodies**

In Bangladesh, the Ministry of Commerce (MOC) is the coordinating body for trade policy, in conjunction with other Ministries and Government agencies, such as the Bangladesh Tariff Commission (BTC), the Export Promotion Bureau (EPB), and the Office of the Chief Controller

of Imports and Exports (CCIE). The National Board of Revenue (NBR), under the Ministry of Finance administers customs duties, VAT, tax holidays, tax concessions. In addition, national committees on trade may be formed to address specific issues, thereby allowing private sector representation.

The Bangladesh Tariff Commission (BTC) has now been upgraded under the Ministry of Commerce and empowered to conduct antidumping and countervailing investigations. Although the overall levels of Effective Rates of Protection (ERP) have fallen and there is less dispersion, ERPs continue to be quite high in textile and clothing, processed foods and tobacco. One major problem regarding the tariff policy is that increasing revenue rather than encouraging investment continues to dominate policy decisions.

The debacle of the 1996 stock market scam contributed largely due to insider trading and various loopholes that the stock exchange brokers could capitalize on. It became imperative that a strong and well informed Security Exchange Commission (SEC) was required for the development of the securities market in Bangladesh. Soon after the 1996 stock market crash, at the request of SEC, USAID provided a short-term technical assistance to identify immediate term and medium term needs strategies and goals of the SEC. Many of the recommendations provided by USAID consultant, Molly Bailey (Ref: To be provided), have been incorporated in the reforms and strengthening of SEC during the past few years. Institutional strengthening and capacity building of SEC is essential for a continued development of the capital market of Bangladesh. The SEC can be targeted as a possible institution for USAID assistance with the broader objective of strengthening the capital market of Bangladesh.

Established in 1993, the Privatization Board is entrusted with all responsibilities related to the privatization measures of State Owned Enterprises (SOE). A number of Ministries that have SOEs under them have set up separate privatization cells to complement and assist the Privatization Board. However, almost a decade into the privatization process, the Board has not succeeded in making much headway.

The Board of Investment (BOI) was established to promote private investment. BOI registers industrial projects, foreign loan agreements, etc, issues work permits to expatriate personnel, and provides import and infrastructural facilities. However, BOI fails to distinguish between registered intention and actual realization of investments.

In the power sector, Bangladesh has undertaken reforms in recent years in order to improve operational efficiency, since inadequate gas and power transmission is considered to be a serious obstacle to growth. Among the proposals for reform are the establishment of a Gas Regulatory Authority and the promulgation of a Gas Act. In addition, the assets of Bangladesh Power Development Board (BPDB) and Dhaka Electric Supply Authority (DESA) are to be unbundled into generation, transmission and distribution companies.

The Department of Shipping (under the Ministry of Ports, Shipping and Inland Water Transport) regulates maritime transport. The two seaports, which handle international cargo, are managed by two autonomous government agencies, the Chittagong Port Authority (CPA) and the Mongla Port Authority (MPA), under the Ministry of Ports, Shipping and Inland Water Transport. Some

significant functions of the Department of Shipping are reducing congestion at ports of entry and speeding up the movement of cargo. This is especially important given that slow cargo handling (due to shortage of equipment, inefficient space management, and lack of through-transit facilities for containers) has seriously disrupted domestic distribution and international trade.

International and domestic air traffic in Bangladesh are regulated by the Civil Aviation Authority of Bangladesh (CAAB), under the Ministry of Civil Aviation and Tourism. Private sector competition has been allowed on all domestic passenger routes and national and international cargo routes since 1996.

The Ministry of Posts and Telecommunications (MOPT) constitutes the regulatory framework for the telecommunication sector of Bangladesh. However, NTP98 suggests establishing an independent regulator, Bangladesh Telecommunications Regulatory Commission (BTRC) to ensure the objectives outlined in the policy. However, BTRC has yet to become operational.

### **N3. Commerce and Trade Related Legislation**

This section discusses the legislation governing the business environment of the country. In its attempts to create an enabling environment, the government has amended and updated a number of laws and regulations. However, there still remains a number of regulations that are archaic and vague. In addition, the challenges of globalization and the Information Technology (IT) revolution has given rise to new challenges. As such, these new concepts cannot be dealt with under the old regulatory regime; they require the development of specific and targeted laws.

Entrepreneurs intending to start a business must procure a trade license from local government bodies by paying statutory fees. The Companies Act 1994 replaced the original Companies Act 1913. According to this Act, enterprises under the categories of private and public limited company are required to register with the Registrar of Joint Stock Companies.

As per the Factories Act 1965, all manufacturing units employing 10 or more workers are required to be registered with the office of the Chief Inspector of Factories and Establishments. The Factory Inspector is responsible for overseeing the working condition and safety measures in the factory. This regulation has proved to be a major source of delay, harassment and unofficial payments for the entrepreneurs, particularly for those in the SME sector as the existing regulations do not differentiate between different size categories with respect to safety and working condition requirements.

A clearance from the Department of Environment and also from the local government bodies are required of various manufacturing subsectors (e.g. brick fields), ensuring that anti-pollution and safety measures are adhered to. This regulation is developed with good intentions but often bring out bad results. Entrepreneurs irrespective of their compliance with environmental standards have to pay kickbacks to obtain a clearance license.

The Contract Law in Bangladesh is governed by the Contract Act 1872. However, an archaic legal system and corrupt law enforcement agencies often hinder the enforcement and resolution of contracts. Registration and licensing procedures (for trade licenses, VAT registration, TIN,

etc) tend to be complex and time-consuming and discretionary powers of Inspectors relatively wide.

According to the Evidence Act based on The Negotiable Instrument Act, 1881, revised up to 1999, letters by mail and telegrams, physical signatures are acceptable as evidence while microfilm and other advanced forms of records (such as electronic contracts, digital certificates, etc.) are not. This Act needs amendments to legalize microfilm and other advanced forms of records as evidence and so on.

The Transfer of Property Act 1882 and the Stamp Act 1899 are the two Acts regulate transfer of immovable property as well as non-listed securities. The registration cost and Stamp duty for transfer of immovable property is high. It is impeding real estate, housing finance and banking businesses. The registration procedures are cumbersome and manual record keeping results in forgeries. The Transfer of Property Act requires amendments in order to facilitate the speedy extra-judicial foreclosure of security without the necessity for a court award and separate execution decree.

The Banking Companies Act 1991, regulates the banking sector, with enforcement and supervision being entrusted to the central bank of the country, the Bangladesh Bank. The Bangladesh Bank suffers from lack of autonomy (relying mainly on directives from the Government), functional focus and accountability; and there is a need to provide autonomy and adequate authority to the Bangladesh Bank.

The finance sector in Bangladesh is largely bank based, with a small capital market sub-sector. Specialized banks exist to support industrial sectors. Foreign banks are particularly encouraged to be active in the provision of trade finance. The banking sector is plagued by problems of non-performing loans, low recovery rates, high spreads, and insider lending. These factors greatly hamper the financing of exports and investments. Selective improvements that have been undertaken are the enactment of new laws on debt recovery and bankruptcy (Bankruptcy Act 1997). However, there remains a need to provide autonomy and adequate authority to the Bangladesh Bank.

Insurance services in Bangladesh are governed by the Insurance Act 1938 (amended), the Insurance Corporation Act 1973 (amended), and the Insurance Rules 1958 (amended), as well as various Finance Acts. Private participation in insurance services has been increasing, leading to an increase in premiums. Foreign participation was allowed in life insurance in 1984, but so far, there is only one foreign insurance company operating in Bangladesh.

An amendment of the Trust Act 1882 allowed investments by private pension and provident funds up to 25 percent of its investible resources in quality private capital market instruments. However, the amendment has yet to influence the mindset of the managers. The concerned institutions lack the necessary skill in venturing into such investments.

The legal framework in the area of foreign trade is governed mainly by the following legislative Acts: The Imports and Exports (Control) Act, 1950; The Customs Act, 1969; and The Foreign

Exchange (Regulation) Act, 1947. Revisions and updates of these Acts are made periodically. Other legislation relating to trade is listed in Table 3.1.

**Table 3.1: Legislation Relating to Trade**

Area	Legislation
Custom Duties	Customs Act, 1969
Import Regulations	Imports and Export (Control) Act, 1950; Customs Act, 1969; review, Appeal and Revision Order, 1977; Importers, Exporters and Indentors (Registration) Order, 1981; Licenses and Permit Fees Order, 1985
Customs Valuation	Amendments introduced to the Customs Act, 1969, in 1997
Pre-shipment Inspection	Amendments introduced to the Customs Act, 1969, in 1998
Rules of Origin	Standard Rules of Origin, 1977
Standards	Imports and Export (Control) Act, 1950
Sanitary and Phytosanitary Measures	Imports and Export (Control) Act, 1950
Marketing and Labeling	Imports and Export (Control) Act, 1950
Anti-Dumping Measures	Amendments introduced to the Customs Act, 1969, in 1995
Countervailing Measures	Amendments introduced to the Customs Act, 1969, in 1995
Safeguard Measures	Amendments introduced to the Customs Act, 1969, in 1997
Pricing and Marketing Arrangements	Consumer Index
Export Regulations	Import and Export (Control) Act, 1950; Customs Act, 1969
Government Procurement	No legislation
Competition Law	No legislation
Intellectual Property Rights	Patents and Design Act, 1919; Copyright Ordinance, 1962; Trade Markets Act 1940
Foreign Investment	Foreign Investment (Promotion and Protection) Act, 1980
Foreign Exchange	Foreign Exchange (Regulation) Act, 1947
Banking Service	Banking Companies Act, 1991
Insurance Services	Insurance Act, 1938; Insurance Corporations Act, 1973; Insurance Rules, 1953
Telecommunications Services	Telegraph Act, 1887
Air Transport Services	Details not available from the authorities
Maritime Transport Service	Merchant Shipping Ordinance, 1993; Inland Shipping Ordinance, 1976; Bangladesh Flag Vessel (Protection) Ordinance, 1982

**Source:** World Trade Organization, 2000. Trade Policy Review Bangladesh

The Customs Act 1969 was amended to allow for provisions on anti-dumping and countervailing rules in 1995 and safeguard rules in 1997. In the year 2000, Bangladesh further amended the Act to introduce transaction values as the basis for customs valuation.

Significant changes were made to customs procedures since the early 1990s. Major changes include the introduction of a Green Channel for customs clearance of incoming passengers. Customs clearance has been computerized at the Dhaka Customs House and the Chittagong Customs House. Self-assessment procedure has been introduced to facilitate customs clearance of selected commodities such as food grain.

Another important change is the introduction of the Pre-shipment Inspection (PSI) in 1993, on a voluntary basis. This was made mandatory in the 1999-2000 Budget, with the system of Tariff Values being abolished at the same time. The process of minimum import (or Tariff Value) used until recently for customs valuation purposes, was abolished in favor of the WTO system. In January 2000, Bangladesh adopted the WTO Customs Valuation system.



Although the PSI system has been made mandatory, it is important to note that Bangladesh lacks the credibility required for the proper functioning of a PSI system. Recently, there have been allegations of misrepresentation of commodities and country of origin. Therefore, adequate checks and deterrents in the form of fines and other civil as well as criminal charges should be imposed in order to ensure that the PSI system is not compromised through cheating, collusion and graft.

Cross-border contracts are considered legal according to the Contract Law. While letters by mail and telegrams are acceptable in the eyes of the law, electronic contracts are void since a physical signature is necessary to make any contract valid (Evidence Act based on the Negotiable Instrument Act 1881). Legislation that legalizes digital certificates, electronic contracts should be enacted to speed up the prospects of cross border commerce, particularly e-commerce.

The Foreign Private Investment (Promotion and Protection) Act of 1980 guarantees legal protection to foreign investors against nationalization and also indemnifies them against losses due to civil unrest. It also guarantees repatriation of capital and dividend and equal treatment with local investors. Despite the fact that Bangladesh has one of the most liberal investment regimes in South Asia in legislative terms, it attracted only marginal capital inflows. For instance, there are no limits on foreign equity participation in Bangladesh, unlike India and Pakistan. However, licensing regulations are required by the private sector in energy and telecommunications, which is also applicable in other South Asian countries. Low levels of FDI have been attributed to poor infrastructure (power, telecommunications, transport), slow pace of privatization, underdeveloped financial system, excessive bureaucracy, and political uncertainty, including frequent strikes. This increases the cost of doing business in Bangladesh and lowers the competitiveness of Bangladeshi firms in foreign markets.

The Intellectual Property Rights (IPR) legislation dates from the pre-independence era. Patents, trade marks, and copyrights are governed by: the Patents and Designs Act, 1911 and the Patents and Designs Rule, 1933; the Trade Marks Act, 1940 and the Trade Marks Rules, 1963. The Copyright Ordinance, 1962, as amended by the Copyright (Amendment) Act, 1974, and the Copyright (Amendment) Ordinance, 1978.

Furthermore, standards for Intellectual Property Rights relating to patents, copyright and related rights, trademarks, industrial designs, and layout designs of integrated circuits, undisclosed information, and trade secrets are provided for in the agreement on Trade-Related Intellectual Property Rights (TRIPS). TRIPS allows Bangladesh with an eleven-year transitional period (i.e. until January 2006) to meet the obligations under the agreement. This entails amendments to the prevailing national legislation in order to conform to the provisions of the agreement on TRIPS. The administrative ability in Bangladesh has to be further improved for the successful enforcement of intellectual property rights.

The Arbitration Act 1940 and the Money Loan Court Act 1990 play an important role in dispute settlement cases. The Arbitration Act governs the settlement of any disputes arising from business transactions. The primary aim of this Act is to attempt to resolve the differences of the two parties without having to resort to a Court of Law.

The Money Loan Courts are overburdened with the enormous number of cases they have to deal with. In September 2000, the number of cases pending in the Courts was 57,435. According to a Bangladesh Bank report, the amount involved in these cases is US\$ 1.6 billion (source: to be provided). In the past one year, the number of cases pending increased by 3,000. A significant number of these cases have been determined to be bad debts.

The government policies and the functions of the regulatory bodies are generally favorable for industrial development. However, it is rare that the targets outlined in the policies are achieved or the activities intended for government bodies are successfully implemented. This disparity between intentions and realization can be attributed to a number of causes. Among these, high on the list are institutional weakness, infrastructural inadequacies, inconsistencies in the regulations and policies themselves as well as in implementation, lack of political will and poor governance.

## ANNEX O

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### GDP and Labor Statistics

**Table 1: Growth of GDP in South Asian Countries**

COUNTRIES	1980-90	1990-99
BANGLADESH	4.3	4.8
INDIA	5.8	6.1
NEPAL	4.6	4.8
PAKISTAN	6.3	4.0
SRI LANKA	4.0	5.3

Source: World Development Report 2000/2001

**Table 2: Contribution of Agriculture in GDP and Growth Rate (1995/96 Prices)**

Year	Share in GDP (%)	Growth Rate (%)
1991-92	24.0	1.4
1992-93	23.3	1.4
1993-94	22.2	-0.7
1994-95	20.8	-1.9
1995-96	20.3	2.0
1996-97	20.4	5.6
1997-98	19.7	1.6
1998-99	19.4	3.2
1999-2000	19.5	6.9
2000-2001	19.1	4.0

Source: Bangladesh Economic Review 2001, MOF

**Table 3: GDP Share of Manufacturing Sector (1995/96 Prices)**

Sector	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99
Industry	12.9	13.28	13.82	14.35	15.15	15.43	15.41	15.88	15.6
Large & Medium	9.15	9.41	9.83	10.22	10.88	11.01	10.88	11.29	11.2
Small	3.75	3.87	3.99	4.13	4.27	4.42	4.53	4.59	4.41

Sources: National Accounts Statistics of Bangladesh (Revised Estimates, 1989-90 to 1998-99), BBS 2000

**Table 4: Growth of Industrial Sector (1995/96 Prices)**

Sector	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
Industry	6.4	7.4	8.6	8.2	10.5	6.4	5.1	8.5	3.2	4.8	9.1
Large & Medium	6.0	7.3	9.0	8.3	11.4	5.7	4.0	9.3	4.2	4.4	9.8
Small	7.3	7.5	7.7	7.9	8.1	8.3	7.8	6.8	0.8	5.8	7.5

Sources: National Accounts Statistics of Bangladesh (Revised Estimates, 1989-90 to 1998-99), BBS 2000, Bangladesh Economic Review 2001, MOF

**Table 5: Employment by Sector Estimated through Labor Force Surveys**

Sectors	LFS-1989	LFS-1990-91	LFS-1995-96
Agriculture	64.94	66.40	63.20
Manufacturing Industry	13.91	11.81	7.40
Trade and Hotel	8.23	8.50	11.10
Community Services	3.57	3.80	9.30
Others	9.35	9.49	9.00
Total	100.00	100.00	100.00

Source: Sardar, Jahangir H, 2000

**Table 6: Labour market balance-Demand-1995-2005 (base scenario)**

	1995	1996	1997	1998	1999	2000	2005
<b>Population, Total</b>	<b>61641</b>	<b>62691</b>	<b>63749</b>	<b>64784</b>	<b>65814</b>	<b>66831</b>	<b>71709</b>
-Men	31175	31688	32212	32717	33230	33743	36152
-Women	30466	31003	31537	32067	32584	33088	35557
<b>Labour Force, Total</b>	<b>22413</b>	<b>22733</b>	<b>23178</b>	<b>23608</b>	<b>24170</b>	<b>24741</b>	<b>27415</b>
-Men	15576	15728	16049	16356	16762	17176	19113
-Women	6836	7005	7129	7252	7408	7566	8301
<b>Labour Force Participation Rate (3:2), Total</b>	<b>49.00%</b>	<b>48.50%</b>	<b>48.40%</b>	<b>48.20%</b>	<b>48.30%</b>	<b>48.50%</b>	<b>49.00%</b>
-Men	67.50%	66.60%	66.50%	66.40%	66.60%	66.80%	68.00%
-Women	30.10%	30.10%	30.00%	29.80%	29.80%	29.80%	29.90%
<b>Number of Employed, Total</b>	<b>20591</b>	<b>20968</b>	<b>21454</b>	<b>22000</b>	<b>22560</b>	<b>23135</b>	<b>25820</b>
-Men	14346	14608	14946	15327	15717	16118	17988
Share in Total Employed	0.697	0.697	0.697	0.697	0.697	0.697	0.697
-women	6246	6360	6508	6673	6843	7017	7832
Share in Total Employed	0.303	0.303	0.303	0.303	0.303	0.303	0.303
-Urban	9346	9665	9996	10337	10691	11056	13079
Share in Total Employed	0.454	0.461	0.466	0.47	0.474	0.478	0.507
-Rural	11246	11302	11458	11663	11870	12079	12741
Share in Total Employed	0.546	0.539	0.534	0.53	0.526	0.522	0.493
<b>Employed by Economic Sector, Total</b>	<b>20591</b>	<b>20968</b>	<b>21454</b>	<b>22000</b>	<b>22560</b>	<b>23135</b>	<b>25820</b>
-Agriculture	8966	9011	9135	9299	9464	9630	10158
Share in Total Employed	0.435	0.43	0.426	0.423	0.419	0.416	0.393
-Outside Agriculture	11625	11956	12318	12702	13097	13505	15662
Share in Total Employed	0.565	0.57	0.574	0.577	0.581	0.584	0.607
<b>Number of Paid Employed Total</b>	<b>14943</b>	<b>15363</b>	<b>15796</b>	<b>16241</b>	<b>16698</b>	<b>17168</b>	<b>19535</b>
-Agriculture	3798	3858	3918	3978	4039	4100	4300
Share in Total Paid Employed	0.254	0.251	0.248	0.245	0.242	0.239	0.22
-Outside Agriculture	11144	11506	11878	12263	12659	13068	15235
Share in Total Paid Employed	0.746	0.749	0.752	0.755	0.758	0.761	0.78
<b>Self-employed and Employers, total</b>	<b>6338</b>	<b>6464</b>	<b>6593</b>	<b>6723</b>	<b>6855</b>	<b>6989</b>	<b>7493</b>
-Agriculture	3307	3359	3411	3463	3516	3569	3744
Share in Total Self- Employed	0.522	0.52	0.517	0.515	0.513	0.511	0.5
-Outside Agriculture	3031	3106	3182	3260	3339	3419	3749
Share in Total Self- Employed	0.478	0.48	0.483	0.485	0.487	0.489	0.5
<b>Unemployed</b>	<b>1821</b>	<b>1766</b>	<b>1724</b>	<b>1608</b>	<b>1610</b>	<b>1606</b>	<b>1595</b>
Unemployment Rate	8.1	7.8	7.4	6.8	6.7	6.5	5.8

**Table 7 Registered Investment from BOI**

Year	Local (%)	Foreign (%)	Total (in US\$ million)
1991-92	78	22	116
1992-93	63	37	143
1993-94	35	65	1,307
1994-95	56	44	1,523
1995-96	43	57	2,725
1996-97	51	49	2,162
1997-98	25	75	4,199
1998-99	38	62	3,109
1999-00	38	62	3,169
<b>Total</b>	<b>39</b>	<b>61</b>	<b>18,453</b>

Source: Bangladesh Economic Review 2001, (Bangla version) page 62.

**Table 8: FDI in industries through the Board of Investment (in Million US\$)**

Industrial sector	94-95	95-96	96-97	97-98	98-99	99-00	Total
Agrobased	41	4	15.9	7.95	63.65	5.95	138.45
Food & Food allied	13.4	40	48.89	346.47	19.97	2.41	471.14
Textile	169	79	106.91	92.76	50.28	41.03	538.98
Printing & Publishing	5.3	26	9		2	0.18	42.48
Leather goods & Rubber	22.5	16	4.05	21.09	8.62	0.63	72.89
Chemical	126.5	572	113.64	53.85	336.51	962.43	2164.93
Glass & Ceramics	47	115.19		99.39	53.26	142.13	456.97
Engineering	178	101	21.31	10.62	96.84	20.98	428.75
Services	49.5	140	596.59	2,279.30	1,290.85	770.99	5127.23
Others	25.2	461.21	137.21	244.62	3.56	3.2	875
Total	677.4	1,554.40	1,053.50	3,156.05	1,925.54	1,949.93	10,316.82

Source: Bangladesh Economic Review 2001, (Bangla version)

**Table 9: Relative Value of SOEs Privatized (in Million US\$)**

Corporations	No. of Existing SOEs			Recently Privatized (1990s)		
	No. of Firms	Assets	Average Value	No. of Firms	Assets	Average Value
Bangladesh Textile Mills Corporation (BTMC)	42	362	9	7	14	2
Bangladesh Steel and Engineering Corporation (BSEC)	20	521	26	1	1	1
Bangladesh Sugar and Food Industries Corporation (BSFIC)	21	243	12	2	6	3
Bangladesh Chemical Industries Corporation (BCIC)	28	2674	96	4	17	4

Source: Hossain, Najmul and S.M. Zakaria, Liberal Times, Vol VIII, Number 2, 2000

**Table 10: The Hidden Cost of Service**

Service	Standard Waiting Time	Informal Payment for Faster Service
High Tension Electricity Connection		Taka 100,000-150,000
Low Tension Electricity Connection		Taka 10,000-15,000
Gas	3 months	Taka 40,000
Water	3-4 months	Taka 14,000-20,000
Phone	10-12 years	Taka 50,000-70,000
Trade License for a Garments Factory	1 year	Taka 5,000-8,000

**Source:** Government That Works, Reforming the Public Sector, The World Bank, 1996

## ANNEX P

### Detailed Chemonics Survey Tables

**Table A1: Distribution of firms interviewed by geographical location**

Geographical Area	Assistance received from		Unassisted	Overall	
	JOBS	Non JOBS		Total	%
Urban	21	24	78	123	69%
Row %	17%	20%	63%	100%	
Semi-urban	9	10	17	36	20%
Row %	25%	28%	47%	100%	
Rural	7	7	5	19	11%
Row %	37%	37%	26%	100%	
Group Total	37	41	100	178	100%
Row %	21%	23%	56%	100%	

Source: Chemonics survey

**Table A2: Enterprises interviewed by size class and geographical location**

Enterprises by employment size	Geographical location			Overall	
	Urban	Semi-urban	Rural	Total	%
Micro (1-10 workers)	44	7	6	57	32%
Row %	77%	12%	11%	100%	
Small (10-49 workers)	49	12	4	65	37%
Row %	75%	18%	6%	100%	
Medium (50-99 workers)	14	5	1	20	11%
Row %	70%	25%	5%	100%	
Large (100+ workers)	16	12	8	36	20%
Row %	44%	33%	22%	100%	
Total	123	36	19	178	100%
Row %					

Source: Chemonics survey

**Table A3: Characteristics of enterprises surveyed**

Characteristics	Mean	Median	Mode	Minimum	Maximum
Age of the enterprise	11.1	9.0	4.0	0	54
Annual sales (million Taka)	16.4	1.2	2.0	0	480
Total investment (million Taka)	22.3	0.7	0.1	0	700
Working capital (million Taka)	5.5	0.3	0.3	0	300
Number of managerial/ administrative staff	9.7	2.0	1.0	0	205
Number of skilled labor	41.2	9.5	0.0	0	1,200
Number of unskilled labor	30.5	4.0	0.0	0	550
Number of casual staff	5.9	0.0	0.0	0	200
Total employment	87.4	22	4.0	1	1,461

Source: Chemonics survey

**Table A4: Characteristics of BDS assisted and unassisted firms**

Characteristics	JOBS	Non JOBS	Unassisted	All
Age of the enterprise	10.1	13.6	10.5	11.1
Annual sales (million Taka)	24.6	22.4	10.8	16.4
Total investment (million Taka)	22.3	26.8	20.4	22.3
Working capital (million Taka)	4.4	5.3	6.0	5.5
Number of managerial/administrative staff	14.1	11.2	7.4	9.7
Number of skilled labor	49.8	31.0	42.3	41.2
Number of unskilled labor	33.5	52.3	20.5	30.5
Number of casual staff	5.6	8.1	5.2	5.9
Total employment	103.1	102.6	75.3	87.4

**Source:** Chemonics survey**Table A5: Characteristics of firms by size class**

Characteristics	Micro (1-10)	Small (10-49)	Medium (50-99)	Large (100+)	Overall
Age of the enterprise	8.9	12.6	11.2	11.8	11.1
Annual sales (million Taka)	1.2	4.9	9.1	68.2	16.4
Total investment (million Taka)	0.3	3.0	9.0	98.8	22.3
Working capital (million Taka)	0.2	1.0	3.4	23.3	5.5
Number of managerial/administrative staff	1.1	3.4	14.8	31.7	9.7
Number of skilled labor	2.1	11.9	26.5	164.3	41.2
Number of unskilled labor	1.1	7.6	26.5	120.8	30.5
Number of casual staff	0.4	2.6	6.2	20.7	5.9
Total employment	4.7	25.5	74.0	337.4	87.4

**Source:** Chemonics survey



**Table A6: Ranking of major obstacles to doing business in Bangladesh: assisted and unassisted firms**

Listing of Obstacles	Score		Unassisted	Overall score	Overall Rank
	JOBS	Non JOBS			
Ownership Regulations	4	-	3	4	20
Tax Regulations And/Or High Taxes	4	8	20	25	10
Labor Regulations	4	6	9	21	14
Obtaining Land And Buildings	11	6	36	37	7
Foreign Currency Regulations	1	7	9	13	16
Lack Of Business Support Services	48	32	111	170	2
Inadequate Supply Of Infrastructure	23	27	30	75	3
Utility Prices	6	6	36	45	4
Inadequate Access To Credit	67	65	171	210	1
High Interest Rates	13	10	20	44	5
Insufficient Demand For My Products	3	5	28	23	12
Competition From Imports	2	12	26	33	9
Crime And Theft	9	2	10	24	11
Official Corruption, tolls	9	13	18	43	6
Regulations For Starting A Business, New	-	-	1	1	21
Operations Or Expansion	4	3	5	22	13
Competition	8	16	24	36	8
Lack Of Skilled Labor	2	9	17	19	15
Raw Material Problem	2	6	11	13	17
Export Market Problem	3	3	3	6	19
Production Problem	-	9	11	12	18

**Source:** Chemonics survey

Note: Score: Top ranked = 3; Second ranked = 2; Third ranked = 1

**Table A7: Ranking of major obstacles to doing business in Bangladesh by size class**

Listing of Obstacles	Micro (1-10)	Small (10-49)	Medium (50-99)	Large (100+)	Overall	Rank
Ownership Regulations	-	-	-	6	6	17
Tax Regulations And/Or High Taxes	8	12	2	10	32	9
Labor Regulations	1	14	1	3	19	13.00
Obtaining Land And Buildings	31	12	10	-	53	4.00
Foreign Currency Regulations	4	5	4	4	17	14.00
Lack Of Business Support Services	79	60	21	31	191	2.00
Inadequate Supply Of Infrastructure	34	21	6	19	80	3.00
Utility Prices	12	22	6	8	48	5.00
Inadequate Access To Credit	109	127	30	37	303	1.00
High Interest Rates	10	11	3	19	43	6.00
Insufficient Demand For My Products	16	7	5	8	36	8.00
Competition From Imports	8	16	5	11	40	7.00
Crime And Theft	11	6	-	4	21	11.00
Official Corruption, "tolls"	10	9	2	19	40	7.00
Regulations For Starting A Business	-	-	-	1	1	18.00
Operations Or Expansion	6	5	-	1	12	15.00
Competition	3	19	11	15	48	5.00
Lack Of Skilled Labor	-	15	1	12	28	10.00
Raw Material Problem	-	14	3	2	19	13.00
Export Market Problem	-	-	6	3	9	16.00
Production Problem	-	14	4	2	20	12.00

**Source:** Chemonics survey**Table A8: Employment performance of assisted and unassisted firms**

Employment in year 2000	Assistance received from:		Unassisted	Total	
	JOBS	Non JOBS		Count	Col. %
Increased	23	25	61	109	63%
Decreased	4	6	13	23	13%
No changes	8	8	25	41	24%
Total	35	39	99	173	100%
Row %	20%	23%	57%	100%	
Employment in year 1999					
Increased	21	18	60	99	61%
Decreased	1	7	10	18	11%
No changes	10	11	23	44	27%
Total	32	36	93	161	100%
Row %	20%	22%	58%	100%	
Employment in year 1998					
Increased	18	20	52	90	61%
Decreased	2	4	9	15	10%
No changes	9	10	23	42	29%
Total	29	34	84	147	100%
Row %	20%	23%	57%	100%	

**Source:** Chemonics survey

**Table A9: Investment status of assisted and unassisted firms**

Investment in year 2000	Assistance received from:		Unassisted	Total	
	JOBS	Non JOBS		Count	Col. %
Increased	31	31	71	133	76%
Decreased	1	2	4	7	4%
No changes	4	7	23	34	20%
Total	36	40	98	174	100%
Row %	21%	23%	56%	100%	
Investment in Year 1999					
Increased	26	22	70	118	74%
Decreased	1	4	7	12	8%
No changes	5	9	15	29	18%
Total	32	35	92	159	100%
Row %	20%	22%	58%	100%	
Investment in Year 1998					
Increased	23	24	61	108	72%
Decreased	1	1	7	9	6%
No changes	6	10	16	32	21%
Total	30	35	84	149	100%
Row %	20%	23%	56%	100%	

**Source:** Chemonics survey**Table A10: Sales performance of assisted and unassisted firms**

Sales in Year 2000	Assistance received from:		Unassisted	Total	
	JOBS	Non JOBS		Count	Col. %
Increased	33	29	70	132	76%
Decreased	2	8	19	29	17%
No changes	1	3	8	12	7%
Total	36	40	97	173	100%
Row %	21%	23%	56%	100%	
Sales in year 1999					
Increased	28	25	73	126	79%
Decreased	2	5	9	16	10%
No changes	2	5	10	17	11%
Total	32	35	92	159	100%
Row %	20%	22%	58%	100%	
Sales in year 1998					
Increased	26	23	64	113	76%
Decreased	1	4	8	13	9%
No changes	3	7	12	22	15%
Total	30	34	84	148	100%
Row %	20%	23%	57%	100%	

**Source:** Chemonics survey

**Table A11: Entrepreneurs' views on BDS including training**

Statement	Assistance received from:			Unassisted	Total	
		JOBS	Non JOBS		N	%
Do you face any major problems in your business other than financial?	Yes	33	40	85	158	90%
	No	4	1	12	17	10%
	Total	37	41	97	175	100%
	Row %	21%	23%	55%	100%	
Business support produced positive impact on your sales or profits.	Yes	22	31	3	56	88%
	No	4	3	1	8	13%
	Total	26	34	4	64	100%
	Row %	41%	53%	6%	100%	
Do you feel the services are valuable enough to pay for?	Yes	29	31	10	70	90%
	No	1	1	6	8	10%
	Total	30	32	16	78	100%
	Row %	38%	41%	21%	100%	
Do you feel it necessary to train also your workers?	Yes	37	34	86	157	92%
	No		5	8	13	8%
	Total	37	39	94	170	100%
	Row %	22%	23%	55%	100%	
Would you contribute to workers training?	Yes	29	23	59	111	93%
	No		2	6	8	7%
	Total	29	25	65	119	100%
	Row %	24%	21%	55%	100%	
Willing to pay if appropriate services are provided.	Yes	9	12	32	53	90%
	No		2	4	6	10%
	Total	9	14	36	59	100%
	Row %	15%	24%	61%	100%	
Do you expect to make a substantial increase in investment in the coming year?	Yes	33	30	80	143	80%
	No	4	11	20	35	20%
	Total	37	41	100	178	100%
	Row %	21%	23%	56%	100%	
Do you expect to make a substantial increase in investment in the next three years?	Yes	34	37	86	157	90%
	No	3	4	11	18	10%
	Total	37	41	97	175	100%
	Row %	21%	23%	55%	100%	
Do you fear changes in regulations related to business.	Yes	16	20	72	108	68%
	No	15	14	21	50	32%
	Total	31	34	93	158	100%
	Row %	20%	22%	59%	100%	
Will the government stick to its policy reforms under liberalization program	Yes	15	26	79	120	86%
	No	5	7	7	19	14%
	Total	20	33	86	139	100%
	Row %	14%	24%	62%	100%	

**Source:** Chemonics survey

**Table A12: Source of training services to enterprises of different size class**

Category label	Micro (1-10)		Small (10-49)		Medium (50-99)		Large (100+)		Total	
Government		0%	11	22%	4	19%	4	10%	19	14%
Local NGO	9	35%	5	10%	1	5%		0%	15	11%
International NGO		0%	2	4%		0%	1	2%	3	2%
Donor project		0%	2	4%	7	33%	11	26%	20	14%
Private (local)	1	4%	11	22%		0%	5	12%	17	12%
Chamber & Associations		0%		0%	5	24%	8	19%	13	9%
USAID/JOBS	16	62%	18	36%	4	19%	12	29%	50	36%
Private foreign company		0%	1	2%		0%	1	2%	2	1%
Total	26	100%	50	100%	21	100%	42	100%	139	100%

**Source:** Chemonics survey**Table A13: Training courses availed of by different size firms**

Category label	Micro (1-10)		Small (10-49)		Medium (50-99)		Large (100+)		Total	
Marketing		0%	4	11%	2	11%	2	7%	8	7%
Technical Skill	2	8%	10	27%	4	22%	9	31%	25	23%
Entrepreneurship & Management	24	92%	13	35%	3	17%	13	45%	53	48%
International Trade		0%	2	5%	3	17%		0%	5	5%
Financial		0%	2	5%	1	6%		0%	3	3%
Internal sector skill training		0%	5	14%	4	22%	5	17%	14	13%
Information Technology		0%		0%	1	6%		0%	1	1%
Agro processing		0%	1	3%		0%		0%	1	1%
Total	26	100%	37	100%	18	100%	29	100%	110	100%

**Source:** Chemonics survey**Table A14: Training providers to different size firms**

Category label	Micro (1-10)		Small (10-49)		Medium (50-99)		Large (100+)		Total	
Government		0%	10	29%	3	15%	4	14%	17	15%
Local NGO	14	50%	6	17%	3	15%	2	7%	25	23%
International NGO		0%	1	3%		0%	1	4%	2	2%
Donor project		0%	1	3%	7	35%	4	14%	12	11%
Private (local)	1	4%	4	11%		0%	2	7%	7	6%
Chamber & Associations		0%		0%	4	20%	4	14%	8	7%
USAID/JOBS	13	46%	13	37%	3	15%	10	36%	39	35%
Private (foreign)		0%		0%		0%	1	4%	1	1%
Total	28	100%	35	100%	20	100%	28	100%	111	100%

**Source:** Chemonics survey

**Table A15: Entrepreneurs' expectations about future sales**

Firms by size class	What do you expect your firm's sales to be compared with today?			What do you expect your firm's sales to be three years from now?		
	Mean	Count	Col. %	Mean	Count	Col. %
Micro (1-10 workers)	2.77	57	32%	2.82	57	32%
Small (10-49 workers)	2.55	65	37%	2.58	65	37%
Medium (50-99 workers)	2.30	20	11%	2.80	20	11%
Large (100+ workers)	2.50	36	20%	2.80	36	20%
Group Total	2.58	178	100%	2.73	178	100%

**Note:** Lower than today – 1, Same as today – 2, Higher than today – 3

**Source:** Chemonics survey

**Table A16: Entrepreneurs' expectations about future investment**

Size Class	Do you expect to make a substantial increase in investment in the coming year			Do you expect to make a substantial increase in investment in the next three years		
	Mean	Count	Col %	Mean	Count	Col %
Micro (1-10)	1.11	53	29.58	1.04	54	30.57
Small (10-49)	1.23	67	37.56	1.13	66	37.31
Medium (50-99)	1.20	20	11.27	1.11	19	10.88
Large (100+)	1.28	38	21.60	1.17	38	21.24
Group Total	1.20	178	100.00	1.10	178	100.00

**Note:** Yes – 1, No – 2

**Source:** Chemonics survey

**Table A17: Entrepreneurs' expectations regarding interest rates**

Size Class	In the coming year			In the next three years		
	Mean	Count	Col Sum %	Mean	Count	Col Sum %
Micro (1-10)	2.40	60	33.43	2.40	60	33.93
Small (10-49)	1.75	56	31.66	1.75	56	31.53
Medium (50-99)	1.85	19	10.95	1.85	20	11.11
Large (100+)	2.25	43	23.96	2.23	42	23.42
Group Total	2.06	178	100.00	2.06	178	100.00

**Note:** Increase – 1, Stay the same – 2, Decrease – 3

**Source:** Chemonics survey

**Table A18: Entrepreneurs' expectations regarding the change in exchange rates**

Size of firm	In the coming year			In the next three years		
	Mean	Count	Col. %	Mean	Count	Col. %
Micro (1-10)	1.44	50	28.26	1.44	51	28.76
Small (10-49)	1.53	71	40.00	1.54	72	40.27
Medium (50-99)	1.50	23	13.04	1.35	21	11.95
Large (100+)	1.19	33	18.70	1.23	34	19.03
Group Total	1.43	178	100.00	1.42	178	100.00

**Note:** Increase – 1, Stay the same – 2, Decrease – 3

**Source:** Chemonics survey

**Table A19: Predictability of laws and policies**

Size of firm	Mean	Count	Col. %
Micro (1-10)	4.26	59	33.33
Small (10-49)	3.71	65	36.56
Medium (50-99)	3.05	18	9.86
Large (100+)	3.31	36	20.24
Group Total	3.70	178	100.00

**Note:** 1= Completely predictable, 5= Completely unpredictable

**Source:** Chemonics survey

**Table A20: Impact of corruption and crime on the cost of doing business**

Size of firm	Mean	Count	Col. %
Micro (1-10)	1.57	44	24.78
Small (10-49)	2.18	74	41.40
Medium (50-99)	2.30	24	13.41
Large (100+)	1.94	36	20.41
Group Total	1.96	178	100.00

**Note:** 1=Fully agree, 5=Fully disagree

**Source:** Chemonics survey

**Table A21: Entrepreneurs' perception of relationship between the government and private enterprises**

Size of firm	Now			10 years ago		
	Mean	Count	Col. %	Mean	Count	Col. %
Micro (1-10)	1.83	38	21.57	1.78	35	19.42
Small (10-49)	2.52	69	38.97	2.76	74	41.50
Medium (50-99)	2.65	23	12.99	2.40	21	11.65
Large (100+)	3.00	47	26.47	3.32	49	27.43
Group Total	2.44	178	100.00	2.56	178	100.00

**Note:** 1=Helping hand, 3=Neutral agent, 5=Opponent/Impediment s

**Source:** Chemonics survey

**Table A26: Percentage of time spent in negotiations about changes and interpretations of laws and regulations by senior management**

Size Class	Mean	Count	Col. %
Micro (1-10)	1.80	22	12.22
Small (10-49)	1.41	64	35.75
Medium (50-99)	1.40	23	12.67
Large (100+)	2.42	70	39.37
Group Total	1.74	178	100.00

**Note:** None=0, 1= Less than 5 percent, 2=5-15 percent, 3=15-25 percent, 4=25-50 percent, 5=50-75 percent, 6=More than 75 percent

**Source:** Chemonics survey

**Table A22: Entrepreneurs' perception about the efficiency of government in service delivery**

	Now			10 years ago		
Enterprise by size	Mean	Count	Col. %	Mean	Count	Col. %
Micro (1-10)	3.18	32	17.80	3.22	31	17.30
Small (10-49)	3.27	73	41.20	3.56	78	43.94
Medium (50-99)	3.45	25	13.80	3.55	25	14.12
Large (100+)	3.78	48	27.20	3.65	44	24.65
Group Total	3.40	178	100.00	3.52	178	100.00

**Note:** 1=Very efficient, 5=Very inefficient

**Source:** Chemonics survey

**Table A23: Perceived merit of BDS to assisted firms**

Group Statistics		N	Mean	Std. Deviation	Std. Error Mean
Business support produced positive impact on your sales or profits	Yes	60	1.12	0.32	0.04
	No	4	1.25	0.50	0.25
Do you feel the services are valuable enough to pay for	Yes	62	1.03	0.18	0.02
	No	16	1.38	0.50	0.13
Do you feel it necessary to train also your workers	Yes	76	1.07	0.25	0.03
	No	94	1.09	0.28	0.03
Would you contribute to workers training	Yes	54	1.04	0.19	0.03
	No	65	1.09	0.29	0.04
Willing to pay if appropriate services is provided	Yes	23	1.09	0.29	0.06
	No	36	1.11	0.32	0.05
Do you expect to make a substantial increase in investment in the coming year	Yes	78	1.19	0.40	0.04
	No	100	1.20	0.40	0.04
Do you expect to make a substantial increase in investment in the next three year	Yes	78	1.09	0.29	0.03
	No	97	1.11	0.32	0.03
Do you fear changes in important regulations which will not take into account your or your business associations' views	Yes	65	1.45	0.50	0.06
	No	93	1.23	0.42	0.04
Do you expect the government to stick to its policy reforms under the trade liberalization program	Yes	53	1.23	0.42	0.06
	No	86	1.08	0.28	0.03

**Source:** Chemonics survey



**Table A24: BDS assisted and unassisted entrepreneurs' perceptions on BDS and willingness to pay (t-test of significance)**

Statement	F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Mean	
								Lower	Upper
Business support produced positive impact on your sales or profits	1.74	0.19	(0.77)	62.00	0.44	(0.13)	0.17	(0.48)	0.21
			(0.53)	3.17	0.63	(0.13)	0.25	(0.92)	0.65
Do you feel the services are valuable enough to pay for?	82.76	0.00	(4.47)	76.00	0.00	(0.34)	0.08	(0.50)	(0.19)
			(2.70)	15.99	0.02	(0.34)	0.13	(0.61)	(0.07)
Do you feel it necessary to train also your workers?	0.89	0.35	(0.47)	168.00	0.64	(0.02)	0.04	(0.10)	0.06
			(0.47)	166.43	0.64	(0.02)	0.04	(0.10)	0.06
Would you contribute to workers training?	6.06	0.02	(1.20)	117.00	0.23	(0.06)	0.05	(0.15)	0.04
			(1.24)	111.22	0.22	(0.06)	0.04	(0.14)	0.03
Willing to pay if appropriate services are provided.	0.35	0.55	(0.29)	57.00	0.77	(0.02)	0.08	(0.19)	0.14
			(0.30)	50.46	0.76	(0.02)	0.08	(0.19)	0.14
Do you expect to make a substantial increase in investment in the coming year?	0.07	0.80	(0.13)	176.00	0.90	(0.01)	0.06	(0.13)	0.11
			(0.13)	166.62	0.90	(0.01)	0.06	(0.13)	0.11
Do you expect to make a substantial increase in investment in the next three years?	1.05	0.31	(0.51)	173.00	0.61	(0.02)	0.05	(0.12)	0.07
			(0.52)	170.66	0.61	(0.02)	0.05	(0.11)	0.07
Do you fear changes in regulations important to your business operations which do not take into account your or your business associations point of view?	24.58	0.00	2.99	156.00	0.00	0.22	0.07	0.07	0.37
			2.90	121.95	0.00	0.22	0.08	0.07	0.37
Do you expect the government to stick to its trade liberalization program the next three years?	24.85	0.00	2.45	137.00	0.02	0.15	0.06	0.03	0.26
			2.23	79.39	0.03	0.15	0.07	0.02	0.27

**Source:** Chemonics survey

**Note:** Number of assisted firms was 78 and unassisted firms 100.

## ANNEX Q

### Business Development Services

Principal category of services	Name of institution	Public, private, NGO	Cities (HQ in bold)	Year founded	Numbers professional staff	Specialities	Ties to BDS facilitator projects
Consultancy and technical assistance	1. BASC	A company not for profit	Dhaka	1992	12	<ul style="list-style-type: none"> <li>Provides consultancy</li> <li>Counselling services</li> <li>Information services</li> <li>Technology transfer</li> <li>Business linkage development</li> </ul>	-
Consultancy/counselling	2. SCITI (BSCIC)	Public	Dhaka	1985	30	<ul style="list-style-type: none"> <li>Specialized consultancy in national economy, trade/ commerce, money/ banking/fiscal policies</li> <li>Feasibility study</li> <li>Analysis and appraisal of projects in small and cottage industries sector</li> <li>Designing and introducing of accounting and cost control, Industrial management and quality control</li> </ul>	
Feasibility study Business plot allotment Industrial development consultancy	3. ISC (BSCIC)						
Consultancy and technical assistance	4. MIDAS	A company not for profit	Dhaka Chittagong Khulna	1982 (transformed into a company in 1993)	15	<ul style="list-style-type: none"> <li>Provides business consultancy</li> <li>Information services</li> <li>Technology transfer</li> <li>Marketing assistance and promotion</li> </ul>	
Consultancy	5. TRIN	Private	Dhaka	1996	5	<ul style="list-style-type: none"> <li>Market based research</li> <li>Management consultancy</li> </ul>	Private
Consultancy Business counselling	6. DCCI(BAS)	Business association	Dhaka	DCCI in 1958, BAS in 1991	8	<ul style="list-style-type: none"> <li>Policy level lobbying</li> <li>Industrial policy</li> <li>Export promotion</li> </ul>	GTZ
Consultancy on Organisational development	7. GTZ-PPS-B	Donor supported project	Dhaka	1997	6	<ul style="list-style-type: none"> <li>CEFE training model</li> <li>Organisational development</li> </ul>	GTZ
BDS promotion Export assistance	8. BDSP	Donor supported project	Dhaka	2000	4	<ul style="list-style-type: none"> <li>BDS market development</li> </ul>	SDC
Business consultancy Feasibility study Evaluation	9. RAPPORT - (Bangladesh)	Private	Dhaka		6	<ul style="list-style-type: none"> <li>Business development</li> <li>Marketing management</li> </ul>	Private

<b>Principal category of services</b>	<b>Name of institution</b>	<b>Public, private, NGO</b>	<b>Cities (HQ in bold)</b>	<b>Year founded</b>	<b>Numbers professional staff</b>	<b>Specialities</b>	<b>Ties to BDS facilitator projects</b>
Counselling / information / product promotion	10. Ekota Forum	NGO	Dhaka	1990	4	<ul style="list-style-type: none"> <li>• Provide library facility and market information services (MIS)</li> <li>• Product development inputs at the work place by local and international designers</li> <li>• Business and export market counselling</li> <li>• Enabling participation in local and international trade fair</li> </ul>	DFID
Export assistance Matching business development fund	11. MGF	Donor assisted bilateral project	Dhaka	1998	5	<ul style="list-style-type: none"> <li>• Business development</li> <li>• Export Market development</li> </ul>	SDC

## ANNEX R

### Profile of Training Institutes

Description	1	2	3	4	5	6	7
<i>Name</i>	<i>BAS- DBI; under Dhaka Chamber of Commerce and Industries (DCCI)</i>	<i>Bangladesh Institute of Management (BIM)</i>	<i>RD Project-5 Employment Generation Project in Faridpur, Madaripur, and Kurigram (3<sup>rd</sup> Phase)</i>	<i>Intermediate Technology Development Group (ITDG)-Bangladesh</i>	<i>INCOME Project, CARE Bangladesh</i>	<i>German Technical Assistance / Promotion of Private Sector- component-B (GTZ/PPS- B)</i>	<i>Micro Industries Development Assistance and Service (MIDAS)</i>
<b>Location</b>	Dhaka	Dhaka	Faridpur, Madaripur	Dhaka	Dhaka; but it has scope to extend its services throughout Bangladesh by its partner organisations	Dhaka	Dhaka; but it has units/branches in division level and other district headquarters
<b>Year founded</b>	DCCI- 1958 Training unit- 1991	1972	1982	1990	1995	1997	1982
<b>Specialities</b>	SME development: <ul style="list-style-type: none"> <li>• Business dev. training</li> <li>• Counseling</li> </ul>	<ul style="list-style-type: none"> <li>• Business management</li> <li>• Marketing management</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship development</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity building</li> <li>• Skill development</li> <li>• Technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity building</li> <li>• Skill development</li> <li>• Micro-finance</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship development</li> <li>• Capacity building</li> <li>• Organisational dev.</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurship development</li> <li>• Total quality development</li> </ul>
<b>Accreditation</b>	Business Association (Private Company Affiliation)	GoB (Ministry of Commerce & Industry)	NGO (registered under the ministry of social welfare)	International NGO (registered under the bureau of NGO affairs)	NGO (registered under the ministry of social welfare)	Donor Agency (registered under the bureau of NGO affairs)	Company, 'not-for-profit (Private Company Affiliation)
<b>Ave. regular enrolment (Per course)</b>	30	12 - 20	25	15 - 20	20 - 25	20	20
<b>Mix of participants/students:</b>  - skilled workers -technicians -management	Management level	Management level	<ul style="list-style-type: none"> <li>• skilled workers</li> <li>• management</li> </ul>	<ul style="list-style-type: none"> <li>• skilled workers</li> <li>• management</li> <li>• technicians</li> </ul>	Management level	<ul style="list-style-type: none"> <li>• management trainer</li> </ul>	<ul style="list-style-type: none"> <li>• skilled workers</li> <li>• management</li> <li>• technicians</li> </ul>
<b>Pre-qualifications required</b>	<ul style="list-style-type: none"> <li>• educated: graduate potential</li> <li>• entrepreneur (SMEs)</li> <li>• associated member (preferable)</li> </ul>	<ul style="list-style-type: none"> <li>• educated: graduate</li> <li>• potential entrepreneur</li> </ul>	<ul style="list-style-type: none"> <li>• potential entrepreneur (MEs)</li> </ul>	<ul style="list-style-type: none"> <li>• potential entrepreneur (MEs)</li> <li>• staff of the concerned partner organisations</li> </ul>	<ul style="list-style-type: none"> <li>• staff of the concerned partner organisations</li> </ul>	<ul style="list-style-type: none"> <li>• staff of the concerned partner organisations</li> </ul>	<ul style="list-style-type: none"> <li>• educated: graduate</li> <li>• potential entrepreneur</li> </ul>
<b>Average cost (tk) per participant/student per hour</b>	200 (3-hours course/day)	229 (4 hours' course /day)	N. A.	16 (8 hours' course per day)	88	N. A.	83
<b>Average fee (tk) per participant/student per hour</b>	90	69	N. A.	33	138	N. A.	52
<b>Ave. annual no. students in on site / customized training</b>	-	-	over 500	100 - 150	-	-	-
<b>Description of on site / customized training</b>	-	-	<ul style="list-style-type: none"> <li>• demonstration</li> <li>• appropriate rural technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>• demonstration</li> <li>• technology transfer counselling</li> </ul>	-	-	-

Description	1	2	3	4	5	6	7
<b>Description of assistance programs affiliations / benefits</b>	<ul style="list-style-type: none"> <li>business expansion</li> <li>networking</li> </ul>	<ul style="list-style-type: none"> <li>new business/ job creation</li> <li>business expansion</li> </ul>	<ul style="list-style-type: none"> <li>generate income</li> <li>women empowerment</li> </ul>	<ul style="list-style-type: none"> <li>capacity building new (and appropriate) technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new (and appropriate) technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>organisational change toward establishing BDS</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new business creation</li> <li>business expansion</li> </ul>

Description	8	9	10	11	12	13	14
<b>Name</b>	<i>Business Advisory Services Centre (BASC)</i>	<i>Training, Research and Information Network (TRIN)</i>	<i>Small and Cottage Industry Training Institute [SCITI (BSCIC)]</i>	<i>Bangladesh Industrial Technical Assistance Centre (BITAC)</i>	<i>National Association of Small &amp; Cottage Industries of Bangladesh (NASCIB)</i>	<i>Job Opportunities and Business Support (JOBS)</i>	<i>Chittagong Chamber of Commerce &amp; Industry (CCCI)</i>
<b>Location</b>	Dhaka	Dhaka	Dhaka; but it has ISCs Industrial Service Centers) in different districts throughout Bangladesh, through which it provides support services to the clients	Dhaka	Dhaka	Dhaka; but it has scope to extend its services throughout Bangladesh through its partner organisations	Chittagong
<b>Year founded</b>	1992	1996	1985	1962	1984	1997	1959
<b>Specialities</b>	Agro-based + skill training	<ul style="list-style-type: none"> <li>micro-enterprise development training</li> <li>action research on MEs</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurship development training</li> <li>Industrial development</li> <li>Promotion of cottage industries</li> </ul>	Technology on the job	<ul style="list-style-type: none"> <li>productivity</li> <li>development in handicrafts sector marketing</li> </ul>	<ul style="list-style-type: none"> <li>entrepreneurship management</li> <li>capacity building</li> <li>trade fair and export market promotion</li> </ul>	<ul style="list-style-type: none"> <li>industrial management</li> <li>export promotion</li> <li>finance</li> </ul>
<b>Accreditation</b>	Company, 'not-for-profit (Private Company Affiliation)	Private Company	GoB (Ministry of Commerce and Industry)	GoB	Apex body (under the society act)	Donor Agency (registered under the bureau of NGO affairs)	Business Association (Private Company Affiliation)
<b>Ave. regular enrolment (Per course)</b>	16	20	25	15 - 20	20	20	25 - 30
<b>Mix of participants/students: -skilled workers -technicians -management</b>	<ul style="list-style-type: none"> <li>management</li> <li>skilled workers</li> </ul>	<ul style="list-style-type: none"> <li>Management</li> <li>micro-entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Management</li> <li>micro- entrepreneurs</li> <li>industry owners</li> <li>skill workers</li> </ul>	<ul style="list-style-type: none"> <li>management</li> <li>skilled workers</li> </ul>	<ul style="list-style-type: none"> <li>management</li> <li>micro- entrepreneurs</li> <li>skill workers</li> </ul>	<ul style="list-style-type: none"> <li>management</li> <li>skilled workers</li> <li>potential entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>management level</li> <li>skill workers</li> </ul>
<b>Pre-qualifications required</b>	<ul style="list-style-type: none"> <li>Educated people</li> <li>Potential entrepreneur</li> </ul>	<ul style="list-style-type: none"> <li>Potential entrepreneur</li> </ul>	<ul style="list-style-type: none"> <li>educated people</li> <li>potential entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>on the job' workers/staff</li> <li>skill workerS</li> </ul>	<ul style="list-style-type: none"> <li>- educated people</li> <li>potential entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>staffs / trainers under the Partner NGOs</li> <li>SME owners/ workers</li> </ul>	<ul style="list-style-type: none"> <li>educated: graduate</li> <li>associated member entrepreneur (SMEs)</li> </ul>
<b>Average cost per participant/student per hour</b>	109 (5 hours' course per day)	233 (3 hours' course per day)	22	N.A	N.A	94 (6 hours' course per day)	N.A
<b>Average fee per participant/student per hour</b>	120	333	0. 33	N.A	N.A	Free	N.A
<b>Ave. annual no. students in on site / customized training</b>	-	above 1000	above 500	300 – 400	250 - 300	200 - 300	-
<b>Description of on site / customized training</b>	-	<ul style="list-style-type: none"> <li>demonstration</li> <li>technology transfer</li> <li>counselling</li> </ul>	<ul style="list-style-type: none"> <li>demonstration</li> <li>technology transfer</li> <li>counselling</li> </ul>	<ul style="list-style-type: none"> <li>demonstration</li> <li>technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>demonstration</li> <li>quality control</li> <li>technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>Demonstration</li> <li>technology transfer</li> </ul>	-

<b>Description of assistance programs affiliations / benefits</b>	<ul style="list-style-type: none"> <li>business expansion</li> <li>networking</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>networking</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new (and appropriate) technology transfer</li> <li>industrial site selection and allocation</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new (and appropriate) technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new (and appropriate) technology transfer</li> <li>development of marketing channel</li> </ul>	<ul style="list-style-type: none"> <li>capacity building</li> <li>new (and appropriate) technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>business expansion</li> <li>networking</li> </ul>
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<b>Description</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>
<b>Name</b>	<i>Khulna Chamber of Commerce &amp; Industry (KCCI)</i>	<i>Rajshahi Chamber of Commerce &amp; Industry (RCCI)</i>	<i>Sylhet Chamber of Commerce &amp; Industry (SCCI)</i>	<i>Women Training Centres, Irish Concern</i>	<i>Rangpur Dinajpur Rural Society (RDRS)</i>	<i>Small Enterprise Development Project (SEDP) - Agrani Bank</i>	<i>Income Generation for Vulnerable Group Development (IGVGD under BRAC)</i>
<b>Location</b>	Khulna	Rajshahi	Sylhet	Dhaka	Dhaka; but it has scope to extend its services throughout northern areas of Bangladesh through its district and thana offices	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices
<b>Year founded</b>	1934	1961	1966	1983	1972	1990	1985
<b>Specialities</b>	No specialties yet proved	women enterprise development	- enterprise development - business counselling	micro-enterprise development, especially for women	micro-enterprise development: - GTZ-CEFE training model implementation	- credit management - financial management in small and micro enterprise development.	micro-enterprise development, especially for destitute women
<b>Accreditation</b>	Business Association (Private Company Affiliation)	Business Association (Private Company Affiliation)	Business Association (Private Company Affiliation)	International NGO (registered under the Bureau of NGO Affairs)	NGO (registered under the ministry of social welfare)	GoB Banking Sector	NGO (registered under the ministry of social welfare)
<b>Ave. regular enrolment (Per course)</b>	15 - 20	25 - 30	15 - 20	20 - 25	25	20 - 25	20 - 25
<b>Mix of participants/students: -skilled workers -technicians - management</b>	- management - skill workers	- management - skill workers - women entrepreneurs	- management - skill workers	- management - women entrepreneurs	- management - potential entrepreneurs	- management - skill workers - potential entrepreneurs	- management - women entrepreneurs
<b>Pre-qualifications required</b>	- educated: graduate - potential entrepreneur (SMEs) - associated member (preferable)	- educated: graduate - potential entrepreneur (SMEs) - associated member (preferable)	- educated: graduate - potential entrepreneur (SMEs) - associated member (preferable)	- women - potential entrepreneurs (MEs)	- potential entrepreneurs (MEs), mostly women	- educated - potential entrepreneur (MEs and SMEs)	- women - group members of BRAC
<b>Average cost per participant/student per hour</b>	N.A	N.A	N.A	N.A	N.A	N.A	N.A
<b>Average fee per participant/student per hour</b>	N.A	N.A	N.A	Free	Free	N.A	Free
<b>Ave. annual no. students in on site / customized training</b>	-	-	-	over 1000	over 2000	-	over 3000
<b>Description of on site / customized training</b>	-	-	-	- demonstration - capacity building	- demonstration - capacity building	-	- demonstration - capacity building
<b>Description of assistance programs affiliations / benefits</b>	- business expansion -networking	- business expansion -networking	- business expansion -networking	-new employment generation for women	-new employment generation - new (and appropriate) technology transfer	-new employment generation - financial assistance in building capital	-new employment generation for women - new (and appropriate) technology transfer

Description	22	23	24	25	26	27	28
<b>Name</b>	<i>Micro Enterprise Lending Authority (MELA ) of BRAC</i>	<i>Integrated Food Assistance Development Project (IFADEP-I)</i>	<i>Bank of Small Industries &amp; Commerce (BASIC)</i>	<i>Small Enterprise Development Project (SEDP)</i>	<i>Gono Unnayan Kendra (GUK )</i>	<i>GHASHFUL, Chittagong</i>	<i>Young Power in Social Action (YPSA)</i>
<b>Location</b>	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices	Dhaka; but it has scope to extend its services throughout Bangladesh through its partner NGO	Dhaka	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices	Gaibandha, Rangpur	Chittagong	Chittagong
<b>Year founded</b>	1998	1996	1989	1992	1986	1978	1985
<b>Specialities</b>	- micro-enterprise development - micro-finance management	- micro-enterprise development, especially for women - micro-finance management	- loan portfolio - financial management	- micro-enterprise development	- micro-enterprise development - micro-finance management	- micro-enterprise development - micro-finance management	- micro-enterprise development - micro-finance management
<b>Accreditation</b>	NGO (registered under the ministry of social welfare)	Donor agency, bi-lateral project with GoB (registered under the bureau of NGO affairs)	Private Banking Sector	NGO (registered under the ministry of social welfare)	NGO (registered under the ministry of social welfare)	NGO (registered under the ministry of social welfare)	NGO (registered under the ministry of social welfare)
<b>Ave. regular enrolment (Per course)</b>	20 - 25	30	20 - 25	25	25	25	25
<b>Mix of participants/students: -skilled workers -technicians -management</b>	- skill workers - technicians - potential entrepreneurs	- women entrepreneurs	- management - skill workers - potential entrepreneurs	- management - potential entrepreneurs	- management - potential entrepreneurs	- management - potential entrepreneurs	- management - potential entrepreneurs
<b>Pre-qualifications required</b>	- group member of BRAC (preferable) - other existing potential entrepreneur	- destitute women - group members of the respective partner NGOs	- educated - potential entrepreneur (MEs and SMEs)	- potential entrepreneurs (MEs), mostly women	- potential entrepreneurs (MEs), mostly women	- potential entrepreneurs (MEs), mostly women	- potential entrepreneurs (MEs), mostly women
<b>Average cost per participant/student per hour</b>	N.A	N.A	N.A	N.A	N.A	N.A	N.A
<b>Average fee per participant/student per hour</b>	Free	Free	N.A	Free	Free	Free	Free
<b>Ave. annual no. students in on site / customized training</b>	above 1000	above 1000	-	300 - 500	above 500	400 - 500	400 - 500
<b>Description of on site / customized training</b>	- demonstration - capacity building	- demonstration - capacity building	-	- demonstration - capacity building	- demonstration - capacity building	- demonstration - capacity building	- demonstration - capacity building
<b>Description of assistance programs affiliations / benefits</b>	- capacity building - development of marketing channel	- capacity building - new technology transfer	- employment generation - financial assistance in building capital	- capacity building - new technology transfer	- capacity building - development of marketing channel	- capacity building - development of marketing channel	- capacity building - development of marketing channel

Description	29	30	31	32	33	34	35	36
<b>Name</b>	<i>EKOTA Forum</i>	<i>EPB</i>	<i>IBA, University of Dhaka</i>	<i>BUET</i>	<i>ASA</i>	<i>Proshika</i>	<i>Bangladesh Garments Manufacturers' Association (BGMEA)</i>	<i>Buro- Tangail</i>
<b>Location</b>	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices	Dhaka; but it has scope to extend its services throughout Bangladesh through its area offices	Dhaka	Tangail; but it has scope to extend its services in 9 districts of Bangladesh through its area offices
<b>Year founded</b>	1990	1972	1960	1972	1979	1975	1992	1990
<b>Specialities</b>	- product development - export marketing	- export management - overseas marketing	- business administration certificate courses (academic)	- computer science and engineering - materials & metallurgical engineering	- micro-finance management - enterprise development	- enterprise development - micro-finance management	trade related, merchandising training, - pattern, design in textile and ready-made garments	- micro-finance management - enterprise development
<b>Accreditation</b>	NGO (registered under the ministry of social welfare)	GoB	University Act	University Act	NGO (registered under the ministry of social welfare)	NGO (registered under the ministry of social welfare)	Business Association (Private Company Affiliation)	NGO (registered under the ministry of social welfare)
<b>Ave. regular enrolment (Per course)</b>	20	15 - 20	-depends on admission and seat	-depends on admission and seat	25	25 - 30	N.A	20 - 25
<b>Mix of participants/students: -skilled workers -technicians -management</b>	- skill workers - technicians - potential entrepreneurs	- SMEs - Export-oriented business firms	young students	young students	- management - micro-entrepreneurs	- management - micro-entrepreneurs	- management - SMEs - associate members (business-owners)	- management - micro-entrepreneurs
<b>Pre-qualifications required</b>	- skill workers - technicians - potential entrepreneurs	- Export-oriented business firms	'A' level / Intermediate pass students	'A' level / Intermediate pass students	- group member of ASA, mostly women	- group member of PROSHIKA, both women and men	- garments factory owners	- group member of Buro- Tangail, both women and men
<b>Average cost per participant/student per hour</b>	N.A	N.A	N.A	N.A	N.A	120	N.A	N.A
<b>Average fee per participant/student per hour</b>	N.A	N.A	N.A	N.A	Free	Free	N.A	Free
<b>Ave. annual no. students in on site / customized training</b>	-	N.A	N.A	N.A	above 3000	1000 - 1200	N.A	300 - 500
<b>Description of on site / customized training</b>	-	-	-	-	- demonstration - capacity building	- demonstration - capacity building	-	- demonstration - capacity building
<b>Description of assistance programs affiliations / benefits</b>	- business expansion -networking	- business expansion -networking	-	-	- capacity building - new technology transfer	- capacity building - new technology transfer	- business expansion -networking	- capacity building - new technology transfer



Description	37	38	39	40	41	42	43	44
<b>Name</b>	<i>Centre for Management Development (CMD)</i>	<i>HEDA Consultants and Technologies Ltd.</i>	<i>Bangladesh Employers Federation (BEF)</i>	<i>Engineers Institute</i>	<i>Independent University Bangladesh (IUB)</i>	<i>Institute of Personal management (IPM)</i>	<i>SRGB - AEC Center For Business Studies</i>	<i>Enterprise Development Initiative (EDI)</i>
<b>Location</b>	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka
<b>Year founded</b>			1995		1996	1982		1996
<b>Specialities</b>	- business management	- Entrepreneurship development	- on-the-job training	- technology transfer	- entrepreneurship developemnt - business management	- capacity building - business management	management and business related training	
<b>Accreditation</b>	-	Private Company Affiliation	Private Company Affiliation	Private Company Affiliation	University Act / Private Company Affiliation	Private Company Affiliation		
<b>Ave. regular enrolment (Per course)</b>	20	20	15 - 20	15- 20	20 - 25	20		
<b>Mix of participants/students: -skilled workers -technicians -management</b>	- skill workers - potential entrepreneurs	- potential entrepreneurs - private business persons	- private employees - potential entrepreneurs	- potential entrepreneurs - private business persons	- students - potential entrepreneurs	- students - potential entrepreneurs		
<b>Pre-qualifications required</b>	- educated youths - potential entrepreneurs	- educated people - potential entrepreneurs	- educated people - employees	- educated people - potential entrepreneurs	- educated people - potential entrepreneurs	- educated people - potential entrepreneurs		
<b>Average cost per participant/student per hour</b>	95 (5 hours' course per day)	99 (4 hours' course )	181(5 hours' course )	187(5 hours' course )	459	41 (4 hours' course)		
<b>Average fee per participant/student per hour</b>	100	125	150	150	375	54		
<b>Ave. annual no. students in on site / customized training</b>	-	-	-	-	-	-		
<b>Description of on site / customized training</b>	-	-	-	-	-	-		
<b>Description of assistance programs affiliations / benefits</b>	- capacity building - new technology transfer	- business expansion -networking	- capacity building - networking	- capacity building - networking	- capacity building	- business expansion -networking		

Description	43	44	45	46	47	48	49	50
<b>Name</b>	<i>Management Systems and Services</i>	<i>BRIDHI</i>	<i>Quality Institute of America (QIA)</i>	<i>Center for Human Excellence(CENCE)</i>	<i>Center for management Development (CMD)</i>	<i>Eshna Consulting Team Ltd</i>	<i>BMIQA Bangladesh Ltd</i>	<i>Data Soft System-Bangladesh Ltd.</i>
<b>Location</b>	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka	Dhaka
<b>Year founded</b>				2000	2000			1997
<b>Specialities</b>	ISO 9000 ISO 14000 TQM	-business management	ISO 9000 ISO 14000	-business management	-business management	-business management	ISO 9000 ISO 14000	Data software system development
<b>Accreditation</b>				Society act n-f-p				
<b>Ave. regular enrolment (Per course)</b>				20 - 25				
<b>Mix of participants/students: -skilled workers -technicians -management</b>				- potential entrepreneurs - students / unemployed youths				
<b>Pre-qualifications required</b>								
<b>Average cost per participant/student per hour</b>				125				
<b>Average fee per participant/student per hour</b>				Free				
<b>Ave. annual no. students in on site / customized training</b>				-				
<b>Description of on site / customized training</b>				-				
<b>Description of assistance programs affiliations / benefits</b>				- capacity building - networking				

## ANNEX R2

**Table 1: Characteristics of Business Development Training**

SI NO.	Categories of Training	Clients	Geographical breakdown	Sector
1.	<b>Enterprenurship Development</b>			
	• Entrepreneurship Development Training	• Entrepreneurs, NGO staff, Micro-credit recipient • Both men and women	• Urban , peri-urban and rural	ME/SME
	• Business Communication	• Entrepreneurs	• Urban	SME
2.	<b>Financial and Micro Credit</b>			
	• Accountancy	• Entrepreneurs, NGO staff, Micro-credit recipient • Both men and women	• Urban , peri-urban and rural	ME/SME
	• Financial Ratio Analysis	• NGO staff	• Urban and rural	ME/SME
	• Orientation on Micro Finance Law	• SMEs • Private Entrepreneurs	• Urban and rural	ME/SME
	• Financial modelling	• SMEs • Private Entrepreneurs	• Urban and rural	SME
	• Computer based Financial Analysis	• SMEs • Private Entrepreneurs	• Urban	SME
	• Delinquency Management and Setting Interest Rates	• NGOs • NGO staff	• Urban and rural	ME/SME
3.	<b>Business Planning and Management</b>			
	• IGA Planning and Management	• MEs	• Urban and rural	ME/SME
	• Business Management	• NGOs • NGO staff	• Urban and rural	ME/SME
	• Sub-sector Analysis	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Total Quality Management	• Entrepreneurs	• Urban	SME
	• Micro-credit Management	• Entrepreneurs	• Urban and rural	ME/SME
	• Quality control	• Entrepreneurs	• Urban	SME
	• Institutional Self-sufficiency Training		• Urban and rural	ME/SME
4.	<b>Product identification Development</b>			
	• Strategic Product Identification	• Entrepreneurs	• Urban	SME
5.	<b>Marketing</b>			
	• Marketing techniques	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Developing Selling Skills	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Marketing Management: principles and	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	•			
6.	<b>Export promotion</b>			
	• Export and Import Business	• Entrepreneurs	• Urban	ME/SME
	• ISO 9000: Requirement for Successful Certification	• Entrepreneurs	• Urban	ME/SME
	• Export Promotion and Practices	• Entrepreneurs	• Urban	ME/SME
7.	<b>Technical/ Skill training</b>			
	• Agriculture	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME

SI NO.	Categories of Training	Clients	Geographical breakdown	Sector
	• Livestock	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME
	• Fisheries	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME

**Source:** Training Brochure / reports of DCCI, BIM, MIDAS, BASC, ITDG, DCCI, TRIN, GTZ, SCITI, and other similar organisations

## ANNEX R3

**Table 2:A table of MEs and SME Development Project/Institutions**

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
1.	RD Project-5 Employment Generation Project in Faridpur, Madaripur, Rajbari, Gopalganj Sariatpur and Kurigram (3 <sup>rd</sup> Phase)	<ul style="list-style-type: none"> <li>Accountancy</li> <li>Skill training</li> <li>Entrepreneurship Development</li> <li>IGA Planning and Management</li> <li>Micro credit</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs Men and women</li> </ul>
2	Dhaka Chamber and Commerce Industries (DCCI)	<ul style="list-style-type: none"> <li>Marketing</li> <li>Export and Import Business</li> <li>Computer based Financial Analysis</li> <li>ISO 9000: Requirement for Successful Certification</li> <li>Sub-sector Analysis</li> <li>Business Communication</li> <li>Quality control</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>
3	Bangladesh Institute of Management (BIM)	<ul style="list-style-type: none"> <li>Marketing techniques</li> <li>Export Promotion</li> <li>Developing Selling Skills</li> <li>Marketing Management: principles and Practices</li> </ul>	<ul style="list-style-type: none"> <li>MEs and SMEs Men and women</li> </ul>
4	Intermediate Technology Development Group- Bangladesh House 32 , Road 13/A, Dhanmondi R/A Dhaka-1209 Tel:8111934,9110060 Fax:880-2-8113134	<ul style="list-style-type: none"> <li>Capacity building plans</li> <li>Business Plans development</li> <li>Sub-sector study</li> <li>Marketing</li> <li>Block printed textile</li> <li>Food processing and preservation</li> <li>Light engineering</li> <li>Agri-machine tools</li> </ul>	<ul style="list-style-type: none"> <li>Existing micro entrepreneurs</li> <li>Small rural NGOs</li> <li>Priority given on women's participation</li> </ul>
5	INCOME Project, CARE Bangladesh	<ul style="list-style-type: none"> <li>IGA Selection and Management</li> <li>Financial Ratio Analysis</li> <li>Orientation on Micro Finance Law</li> <li>Financial modeling</li> <li>Delinquency Management and Setting Interest Rates</li> </ul>	<ul style="list-style-type: none"> <li>NGO executives</li> <li>Mid level staff of NGOs</li> </ul>
6	GTZ/PPS	<ul style="list-style-type: none"> <li>CEFE Model: NBC and BIC training</li> <li>Organisational Development</li> <li>Training on establishment of BDS centres</li> </ul>	<ul style="list-style-type: none"> <li>Mid level NGO staffs Men and women as "CEFE Trainers. (Then these trainers train the micro entrepreneurs at rural and urban level under the project areas of NGOs)</li> </ul>
7	Micro Industries Development Assistance and Service (MIDAS) h# 5, R#16, Dhanmondi, Dhaka- 1209 Tel. - PABX : 816094-5, 816186-7; Fax : 811188	<ul style="list-style-type: none"> <li>Entrepreneurship Development Training</li> <li>Business Management</li> <li>Total Quality Management</li> <li>Micro-credit Management</li> <li>Strategic Product Identification</li> <li>Institutional Self-sufficiency Training</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs</li> <li>NGOs</li> <li>Corporate sector</li> <li>Donor funded project (Both women and men)</li> </ul>
8	Business Advisory Services Centre (BASC) House # 91, road 12 A, Dhanmandi Dhaka-1209 Tel: 8110693, 8110694 8112467, 9130072	<ul style="list-style-type: none"> <li>Agriculture (mashroom cultivation, agri-business, commercial floriculture, etc)</li> <li>Livestock (Beef Cattle fattening, Dairy Farming, Poultry Farming,</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs</li> <li>NGOs</li> <li>Corporate sector</li> </ul>

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
		<ul style="list-style-type: none"> <li>etc.)</li> <li>Fisheries Fish Farming, Fish Hatchery Management, etc)</li> <li>Accounting and Financial Management</li> <li>Production Management</li> <li>Business Management</li> </ul>	<ul style="list-style-type: none"> <li>Donor funded project (Both women and men)</li> </ul>
9.	TRIN 10/15 Iqbal Road, Mohammandpur Dhaka-1207 Tel;9111524 e-mail:trin@aitlbd.net	<ul style="list-style-type: none"> <li>Basic Business Management, marketing plan development and bank loan application procedures</li> <li>Product Pricing and Promotion for women entrepreneurs</li> <li>Selling skills</li> <li>Marketing Management</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs</li> <li>NGOs</li> <li>Donor funded project (Both women and men)</li> </ul>
		<ul style="list-style-type: none"> <li>Entrepreneurship Development</li> <li>Industrial Development</li> <li>Financial Management</li> <li>Marketing Management</li> <li>General Management</li> <li>Research &amp; Consultancy</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs (MEs)</li> <li>Private entrepreneur (SMEs)</li> <li>NGOs</li> <li>Service holders</li> <li>Unemployed youths</li> <li>Corporate members</li> </ul>
10	Bangladesh Industrial Technical Assistance Centre (BITAC) Tejgaon Industrial Area, Dhaka - 1208 Tel. : 600121, 9880107	<ul style="list-style-type: none"> <li>Machine shop</li> <li>Mechanical Drafting</li> <li>Automobile</li> <li>Auto Electricity</li> <li>Welding</li> <li>Electrical Maintenance</li> <li>Machine Maintenance</li> <li>Heat Treatment</li> <li>Electroplating</li> <li>Pattern Making</li> <li>Foundry Practice</li> <li>Plastic Mould Design</li> <li>Plastic Processing Technology</li> <li>Plastic processing and Quality control</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs (MEs)</li> <li>Private entrepreneur (SMEs)</li> <li>NGOs</li> <li>Donor funded project (Both women and men)</li> </ul>
11	National Association of Small & Cottage Industries of Bangladesh (NASCIB) 63/1, Purana Paltan line, Dhaka - 1000 Tel. - Fax : 842709	<ul style="list-style-type: none"> <li>Productivity Development</li> <li>Skills Development</li> <li>Management, Quality Control and Marketing</li> <li>How to get credit and how to get utilize it properly</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs (MEs)</li> <li>Private entrepreneur (SMEs)</li> <li>NGOs</li> <li>Donor funded project (Both women and men)</li> </ul>
12	Job Opportunities and Business Support (JOBS) H # 1/A, R # 23, Gulshan-1, Dhaka-1212 Tel.- 9885154, 8826154, 8829037 Fax : 8826154	<ul style="list-style-type: none"> <li>EDP and EDBM</li> <li>Capacity Building</li> <li>Skill development on: Weaving, Textile, Bakery, Electric goods and footwear</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs (MEs and SMEs)</li> <li>NGOs (MEs)</li> <li>(Both women and men)</li> </ul>
13	Chittagong Chamber of Commerce & Industry (CCCI) Chamber House, Agrabad C/A GPO Box No. 481, Chittagong Tel. : 031-713366; Fax : 031-710183 E-mail : <a href="mailto:ccci@globalctg.net">ccci@globalctg.net</a>	<ul style="list-style-type: none"> <li>Productivity/ efficiency development</li> <li>Financing and credit procedure</li> <li>Accounting procedure</li> <li>Management Development</li> <li>Marketing</li> <li>Strategic Product Identification</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur (SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
		<ul style="list-style-type: none"> <li>Technology</li> <li>EDP (Executive Development Programme)</li> </ul>	
14	Khulna Chamber of Commerce & Industry (KCCI) Chamber Mansion (3 <sup>rd</sup> Floor), 5K.D.A. C/A Khulna. Tel. : 041-721745, 721695, 725635; Fax : 041-761213	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Business Management</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>
15	Rajshahi Chamber of Commerce & Industry (RCCI) Chamber Bhaban, Station Road P.O Ghoramar, Rajshahi - 6100 Tel. : 0721-772115; Fax : 0721-772488	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Business Management</li> <li>Women entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members(SMEs) (Men and women)</li> </ul>
16	Sylhet Chamber of Commerce & Industry (SCCI) Chamber Building, Jail Road P.O Box No. 97, Sylhet Tel. : 0821-714403, 716069 Fax : 0821-7150210	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Improvement of Marketing Skills</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur (Smells)</li> <li>Associate members (Smells) (Mostly men)</li> </ul>
17.	Women Training Centres, Irish Concern	<ul style="list-style-type: none"> <li>Tailoring</li> <li>Mat Making</li> <li>Knitting</li> <li>Bamboo Work</li> </ul>	<ul style="list-style-type: none"> <li>Poor and vulnerable women (Mess)</li> </ul>
18.	RDRS House 62, Road 7 A Dhanmandi Dhaka	<ul style="list-style-type: none"> <li>Carpentry</li> <li>Tailoring</li> <li>Sericulture</li> <li>Agro-services</li> <li>Block and Screen printing</li> </ul>	<ul style="list-style-type: none"> <li>Poor and vulnerable women and Men (MEs)</li> <li>Group trainers (Both women and men)</li> </ul>
19	SEDP/Janata Bank	<ul style="list-style-type: none"> <li>Credit management</li> <li>Skill Training</li> <li>Feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs (Both women and men)</li> </ul>
20	IGVGD, BRAC 75, Mohakhali Dhaka	<ul style="list-style-type: none"> <li>Micro-Credit management</li> <li>Skill Training</li> <li>Market linkage</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable women in the village (MEs) (Only women )</li> </ul>
21.	BRAC Mela 75, Mohakhali, Dhaka	<ul style="list-style-type: none"> <li>Credit management</li> <li>Training on 'Support in identification of non-traditional business opportunity'</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs (Both women and men)</li> </ul>
22.	IFADEP-1	<ul style="list-style-type: none"> <li>Credit</li> <li>Savings</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable women in the village (MEs) (Only women )</li> </ul>
23.	Bank of Small Industries & Commerce (BASIC) Sena Kalyan Bhaban (7 <sup>th</sup> Floor) 195 Motijheel C/A, Dhaka- 1000 Tel.: 9564830, 9567910, 9568190, Fax: 9564820. E-mail : <a href="mailto:basicho@citechco.net">basicho@citechco.net</a>	<ul style="list-style-type: none"> <li>Enterprise Development</li> <li>Banking procedure and management</li> </ul>	<ul style="list-style-type: none"> <li>MEs</li> <li>SMEs (Both women and men)</li> </ul>
24.	Small Enterprise Development Project (SEDP) 4/5, Iqbal Road, Block - A Mohammadpur, Dhaka - 1207 Tel. ; 822204	<ul style="list-style-type: none"> <li>Enterprise Development Training (EDT)</li> <li>Skill Development Training (SDT)</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs</li> <li>Poor men and women</li> <li>SMEs (Both women and men)</li> </ul>

**ANNEX R4****Table 3: Training Information of Service Providers with cost variance**

Sl. No.	Name and Address	Period	Events	Number of Participants (per event)	Total fee per event (Tk.)	Total Cost per Event	Profit / Loss per course/ Event	Profit / Loss per year
1	Centre for Management Development (CMD) H # 47, R # 3A, Dhanmondi R/A, Dhaka-1209 Tel. - 9661228; Fax - 8614360	7 Days	18	15	15 X 3500 = 52500	49,625	+2,875	+51,750
2	Rapport Bangladesh Limited Zeenat Bhaban (3 <sup>rd</sup> Floor), 41/1 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka- 1215 Tel. : 8111664, 8111664	2 Weeks	80	25	25 X 4000 = 1,00,000	95,375	+4,625	+3,70,000
3	Bangladesh Institute of Management (BIM) (BIM) former BMDC 4, Sobhanbag, Mirpur Road, Dhaka - 1207 Tel. : 8117405-7, Fax 8114304	2 Weeks (Short Course)	100	12	12 X 3300= 39,600	1,32,086	-92,486	92,48,600
		1 Week (Diploma)	05	60	60 X 17,250 =10,35,000	32,15,350	-21,80,350	-1,09,01,750
4	HEDA Consultants and Technologies Ltd. 344/3 (3 <sup>rd</sup> Floor) Sonargaon Raod, Free school street, Dhaka - 1205 Tel. : 8617531, Fax - 8614562	2 days	12	15	1000 X 15 = 30,000	11,850	+3150	+37,800
5	Bangladesh Employers Federation (BEF) 122 - 124 Motijheel C/A, Dhaka-1000 Tel. : 9565208 -10, Fax - 9565212	2 days	24	20	20 X 1500 = 30,000	36,200	-6,200	-1,48,800
6	Small & Cottage Industries Training Institute (SCITI) H # 24/A, R # 13, Sector # 6, Uttara, Dhaka -1230 Tel. : 8915354, 8915353; Fax - 9562447	2 Weeks	65	25	25 X 25 = 625	39,700	-39,075	-25,39,875
7	Engineers Institute Ramna, Dhaka- 1000, Tel.: 9560100	2 Days	16	15	15 X 1500 = 22,500	28,000	-5,500	-88,000
8	CARE-Bangladesh, Income Project H # 60, R # 7A, Dhanmondi Dhaka. Tel.= 8114195 - 98; Fax - 8114183	5 Days	12	22	22 X 5500 = 1,21,000	77,000	+44000	+5,28,000
9	Intermediate Technology Development Group Bangladesh (ITDG) H # 32, R # 13A, Dhanmondi, Dhaka - 1209 Tel. : 8111934, 9123671; Fax.: 8113134	15 Days	6	15	15 X 4000 = 60,000	29,000	+31000	+1,86,000
10	Business Advisory Service (BAS) DCCI Building 5 <sup>th</sup> floor, 65 - 66 Motijheel, Dhaka-1000, Tel.- 9550104, Fax – 9567149	5 Days	24	30	30 X 1350 = 40500	87,500	-47,000	-11,28,000
11	JOBS Program H # 24, R # 7, Block # H, Banani, Dhaka- 1213 Tel. : 8829037, Fax - 8826154	15 Days	24	20	Free	1,68,400	-1,68,400	-40,41,600
12	Business Advisory Service Centre (BASC) H # 91, R # 12A, Dhanmondi, Dhaka-1209 Tel.: 8110693-4; 9125079; Fax. : 8113305	5 Days	36	16	16 X 3000 = 48,000	43,720	+4,280	+1,54,080
13	Micro Industries Development Assistances Service (MIDAS) H # 5, R # 16, Dhanmondi, Dhaka-1209	6 Days	12	20	2500 X 20 =50,000	79,500	-29,500	-3,54,000
		12 Days						



Sl. No.	Name and Address	Period	Events	Number of Participants (per event)	Total fee per event (Tk.)	Total Cost per Event	Profit / Loss per course/ Event	Profit / Loss per year
	Tel - 816094; Fax : 8111188							
14	Dhaka Chamber of Commerce & Industry (DCCI) Dhaka Camber building, 65 - 66 Mothijee C/A, Dhaka-1000, Tel. : 9552562; Fax-9560830 E-mail : <a href="mailto:dcci@bangla.net">dcci@bangla.net</a>	5 Days	12	30	30 X 1350 = 40,500	90,000	-49,500	-5,94,000
15	Independent University Bangladesh (IUB) H # 3, R # 10, Baridhara, Dhaka-1212 Tel. : 9884498, 9881917; Fax : 8823959	2 Days	20	20	20 X 6000 =120,000	147,000	-27,000	-5,40,000
16	Institute of Personnel Management (IPM) 10/13 Iqbal Road, Block - A Mohammadpur, Dhaka-1207 Tel. : 9113932	1 Week	8	30	30 X 1300 = 39,000	29,500	+9,500	+76,000

## ANNEX R4

**Table 4: A Sample Format for the Directory of Training Service Providers**

**Current training program status at Service Providers** (*Training-related Issues under different Organisations*)

SL	Training-related Issues	Organisations with training-related issues		
		BASC	DCCI (DBI)	MIDAS
Current Training Provision				
1	Nature of Program	<ul style="list-style-type: none"><li>• ISO 9002 Certification</li><li>• Internal Quality Audit</li><li>• Total Quality management</li><li>• Lead Auditor</li><li>• Customized Programs</li><li>• Agri-business</li><li>• Enterprise development</li></ul>	<ul style="list-style-type: none"><li>• ISO 14000</li><li>• ISO 9000</li><li>• Total Quality Management</li><li>• Financial Management</li><li>• Business operational management</li><li>• Organisational management</li><li>• Marketing management</li></ul>	<ul style="list-style-type: none"><li>• Enterprise Development (CEFE-NBC)</li><li>• Business Management Development</li><li>• Total quality Development</li><li>• Marketing Management</li><li>• Micro Credit Management</li><li>• Salesmanship</li><li>• Small Business Planning</li></ul>
2	Number of Programs	15	25	7 (Major)
3	Most Popular Programs	<ul style="list-style-type: none"><li>• ISO 9002 Certification</li><li>• Internal Quality Audit</li><li>• Total Quality Management</li><li>• Enterprise Dev.</li></ul>	<ul style="list-style-type: none"><li>• Marketing management</li><li>• Joint venture formation and operation (<i>under organizational management course</i>)</li></ul>	<ul style="list-style-type: none"><li>• Small Business Planning</li><li>• Enterprise Development (CEFE-NBC)</li><li>• Marketing Management</li></ul>
4	Program specially focused for MEs	All Programs	None	<ul style="list-style-type: none"><li>• Enterprise Development</li><li>• Micro Credit Management</li></ul>
5	Program specially focused for SMEs	None	All Programs	<ul style="list-style-type: none"><li>• Business Management Development</li><li>• Marketing Management</li><li>• Total Quality Management</li></ul>
6	Program length	Ranges from 3 to 5 days	3 to 6 days	3 to 12 days
7	Approaches to Marketing	Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact	Mail shots, brochures, Program flyers, newspaper advertisement, and correspondence with the member organisations	Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact
8	Range of Fees charged	Tk 2,000- 4,000	Tk 500 to 1,700 for non- members Tk 500 to 1,200 for member organisations	Tk. 1500 to 4000
9	Number of Participants per Program	20 to 25	25 - 30	16 - 30
10	Number of participants needed to cover direct cost	15 to 20	25	25
Profile of Program Participants				
1	Type of sectors of the participants	NGOs, Private businesses, Governments, Chamber of Commerce, Banks	Private businesses, Governments, Chamber of Commerce, Banks, NGOs	NGOs, Private businesses, Governments, Chamber of Commerce, Banks

SL	Training-related Issues	Organisations with training-related issues		
		BASC	DCCI (DBI)	MIDAS
12	Percentage of Clients from: a. NGOs / MEs b. SMEs c. Corporate Sectors	20% None 80%	10% 50% 40	40% 50% 10%
13	Percentage of women participants	6 - 8%	5%	40%
<b>Training Delivery</b>				
14	Number of in-house Trainers deliver ED training	6	6	14
15	Number of associate trainers	8 – 10 ISO 9000 trainers	50	No fixed number, as per need
16	Training delivery methods	Participatory	Lecture (class room)	<ul style="list-style-type: none"> <li>Lecture</li> <li>Participatory</li> </ul>
17	Language of delivery	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants
18	Way of selecting trainers	Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level	Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level	Own Trainers (as Staff)  Associated Training are selected through scrutiny of CVs and based on skills and experiences
19	Sectors from where trainers are selected	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations; and from the directory of SME pull of Consultants	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations
20	Way to monitor the quality of trainers	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback
21	Incorporating business counselling as a part of the intervention	Not incorporated	Incorporated	Not incorporated
22	Process of designing new training program	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients
<b>Need assessment, follow-up and evaluation</b>				
23	Need assessment before training	No formal assessment takes place	No formal assessment takes place	No formal assessment takes place
24	Training Follow-up system	Each department tends to carry out a follow-up visit to Program participants, but that is very irregular (and not systematic)	No formal follow-up system exists	No formal follow-up system exists, except in case of 'borrowers' who took loan from MIDAS Financing Limited (MFL)
25	Evaluation system: <ul style="list-style-type: none"> <li>Quantitatively</li> <li>Qualitatively</li> </ul>	No baseline quantitative data is collected on a systematic basis. Sometimes other research institutes or consultants are invited to conduct impact assessment study. But no evaluation takes place for the individual participants / sectors to measure the status after training	Quantitative, and sample-based evaluation, when needed. Not regularly done	No baseline quantitative data (on training need purpose) is collected on a systematic basis. Sometimes other research institutes or consultants are invited to conduct impact assessment study.

**Continued – Table 4: A Sample Format for the Directory of Training Service Providers**  
**Current training program status at Service Providers** (*Training-related Issues under different Organisations*)

SL	Training-related Issues	Organisations with training-related issues		
		GTZ - PPS-B	JOBS	BSCIC- SCITI
Current Training Provision				
1	Nature of Program	<ul style="list-style-type: none"><li>TOT (CEFE : Method NBC, BIC )</li><li>Literate</li><li>Non-Literate</li><li>Organisational Development</li></ul>	<ul style="list-style-type: none"><li>Capacity Development</li><li>Skill Development</li><li>EDBM - Entrepreneur Development &amp; Business Management</li><li>EDT- Entrepreneur Dev. Training</li></ul>	<ul style="list-style-type: none"><li>Entrepreneurship Development</li><li>Industrial Management</li><li>Marketing Management</li><li>Financial Management</li><li>General Management</li></ul>
2	Number of Program	3	6	28
3	Most Popular Program	CEFE – BIC	<ul style="list-style-type: none"><li>EDBM</li><li>EDT</li></ul>	<ul style="list-style-type: none"><li>Enterprise Development</li><li>Export Marketing</li><li>Office Management</li></ul>
4	Program specially focused for MEs	All Program	All above	<ul style="list-style-type: none"><li>Entrepreneurship Development</li><li>Marketing of Small and Cottage Industries Products</li></ul>
5	Program specially focused for SMEs	None	<ul style="list-style-type: none"><li>Quality Products Development</li></ul>	All Programs
6	Program length	3 days to 24 days	7 days	7 days to 21 days
7	Approaches to Marketing	<ul style="list-style-type: none"><li>Communication through partner organization</li><li>Mail shots, brochures, program flyers, newspaper advertisement</li></ul>	<ul style="list-style-type: none"><li>Communication through recipient Organisations</li><li>Mail shots, brochures, program flyers, newspaper advertisement</li></ul>	<ul style="list-style-type: none"><li>Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact</li><li>Through ISC (Industrial Service Center under BSCIC) in different districts</li></ul>
8	Range of Fees charged	NA	NA	Tk. 25 to 500 (As Token Fee)
9	Number of Participants per Program	20 – 25	25	25
10	Number of participants needed to cover direct cost	NA	NA	NA
Profile of Program Participants				
11	Type of sectors of the participants	<ul style="list-style-type: none"><li>NGOs</li><li>Business association</li><li>Private organization</li><li>Public sector</li></ul>	<ul style="list-style-type: none"><li>NGOs</li><li>Private business</li><li>Govt. Chambers of Commerce</li><li>Banks</li><li>Associate Members</li></ul>	<ul style="list-style-type: none"><li>Private businessmen / women</li><li>Potential Entrepreneurs</li><li>Service holders</li><li>Unemployment youth</li><li>Associate Members</li></ul>

12	Percentage of Clients from: c. NGOs / MEs d. SMEs  e. Corporate Sectors	98% 2%	80% 15%  5%	15% 80%  5%
13	Percentage of women participants	50%	ME 80% SME 20%	30%
<b>Training Delivery</b>				
14	Number of in-house Trainers deliver ED training	2	4	30
15	Number of associate trainers	10	16 + 235 Trainers from recipient Organizations	<ul style="list-style-type: none"> <li>No specific trainers</li> <li>When necessary, in special cases export promotion personnel , Banker are invited</li> </ul>
16	Training delivery methods	<ul style="list-style-type: none"> <li>Fully Participatory</li> <li>Demonstration</li> </ul>	Participatory	<ul style="list-style-type: none"> <li>Lecture</li> <li>Demonstration</li> <li>Participatory</li> </ul>
17	Language of delivery	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants	Bengali
18	Way of selecting trainers	<ul style="list-style-type: none"> <li>Must be a CEFE Trainer</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>	<ul style="list-style-type: none"> <li>Own Trainer</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>	<ul style="list-style-type: none"> <li>Own Trainers</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>
19	Sectors from where trainers are selected	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organizations	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organizations	<ul style="list-style-type: none"> <li>Industrial Sector</li> <li>Enterprise Development</li> <li>Finance</li> <li>Human Resource</li> </ul>
20	Way to monitor the quality of trainers	Use of evaluation sheet in the training course every day, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback
21	Incorporating business counselling as a part of the intervention	Not Incorporated	Incorporated	Not Incorporated
22	Process of designing new training program	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients
<b>Need assessment, follow-up and evaluation</b>				
23	Need assessment before training	No formal assessment takes place	No formal assessment takes place	<ul style="list-style-type: none"> <li>No formal assessment takes place</li> <li>On the Job requirement</li> </ul>

<b>24</b>	<b>Training Follow-up system</b>	Each department tends to carry out a follow-up visit to Program participants, but that is not regular (and not systematic)	Each department tends to carry out a follow-up visit to Program participants, but that is not irregular (and not systematic)	<ul style="list-style-type: none"> <li>• In formal</li> <li>• Through letter</li> <li>• Through ISC</li> </ul>
<b>25</b>	<b>Evaluation system:</b> <ul style="list-style-type: none"> <li>• Quantitatively</li> <li>• Qualitatively</li> </ul>	<ul style="list-style-type: none"> <li>• No baseline data available</li> <li>• Quantitative Evaluation took place</li> </ul>	<ul style="list-style-type: none"> <li>• Quantitative Evaluation</li> <li>• Data base of each Entrepreneur is available.</li> </ul>	<ul style="list-style-type: none"> <li>• Quantitative Evaluation</li> <li>• Through Government</li> <li>• Depend on Project nature</li> </ul>

**MINISTRY OF FOREIGN AFFAIRS**  
**Danida**

**Business cooperation with Danish companies**

# **The Danida Private Sector Development Programme**

**supports cooperations between Danish companies  
and companies in Bangladesh,  
Bolivia, Egypt, Ghana,  
Mozambique, Nepal, Nicaragua,  
Tanzania, Uganda, Vietnam  
and Zimbabwe**

January 2000





### Business cooperation

The Private Sector Development (PSD) Programme forms part of the official Danish International Development Assistance: Danida.

Within the Danida framework the Danish Government has allocated more than USD 100 million to support the establishment of commercially based partnerships between Danish companies and companies in eleven countries in Asia, Africa and Latin America.

The countries are Bangladesh, Bolivia, Egypt, Ghana, Mozambique, Nepal, Nicaragua, Uganda, Tanzania, Vietnam and Zimbabwe.

Companies in these eleven countries can seek advice and apply for funds to facilitate cooperation between their company and a company in Denmark.

The PSD Programme is implemented by the Danish Ministry of Foreign Affairs, through the Danish Embassy in each selected country.

### A means for progress and development

The overall objective of the programme is to contribute to economic and social development in the recipient countries.

Business cooperations could be a short cut to attract Danish technology and investment. By using business linkages as an instrument for economic growth, The Private Sector Development Programme seeks to improve living conditions for the people of the selected countries.

### The business linkage concept

The PSD Programme makes it easier to create long-term business linkages between companies in Denmark and companies in the eleven selected countries.

Through the PSD Programme funds are available to support a number of elements within the cooperations' own activities.

The business-to-business cooperation must be commercially based, and the joint partners take all the commercial risks involved. In return, the companies have the prospects of making a blossoming business. The PSD Programme acts solely as a facilitator and does not function as the implementer of individual cooperation projects.

To qualify for support the partnership must have a long term perspective and comply with Danida development objectives.

### Danish business sector

When it comes to business, few nations are more internationally minded than Denmark. Danish companies have for years been active in the international markets both in Europe and overseas.

The Danish business sector is diversified and covers virtually all subsectors of manufacturing, agriculture, fishing, forestry, trade and service.

For years Danish companies have carried out their business in a market open to international competition. To meet this competition the companies have put themselves at the forefront of the technological development and demonstrated flexibility, innovative skills and efficiency.

As a element of their globalization strategies, Danish companies are interested in extending their commercial ties to companies in Africa, Asia and Latin America share their know-how and expertise with local companies.

### PSD Programme - How it works

Creation of any business partnership entails a preparatory phase and a project phase. The PSD Programme makes the same distinction.

#### The preparatory phase

Prior to the implementation of the project the partners have to prepare for the project. Firstly a partner has to be identified. Then the partners will have to discuss plans and ideas for a possible cooperation. If the talks reveal areas of mutual interest the partners still have a

lot of planning to do before the business can get off the ground. If aspects of the prerequisites for the project have to be examined a special study can be carried out, or a full fledge feasibility study can be done to determine whether the project is financially and technically feasible.

#### The project phase

If the preparatory phase turns out to be successful, or if the partners have prepared for their cooperation otherwise, the partners have the opportunity to benefit from the subsidies offered by the PSD Programme for the project phase.

The PSD Programme offers to support some of the initial expenditures for the start of the cooperation. To get the cooperation going, there is a need for training of the workforce. Normally there will also be a demand for technical assistance for e.g. production, management, marketing or export from local or Danish experts. In either case the PSD Programme offers to share the costs.

Environmental issues are a priority area for the PSD Programme. Funds are available to reduce detrimental effects to both the external and the working environment and to improve occupational health.

On a minor scale funds are also available for the project to do export promotion activities.

If finance cannot be obtained from other sources the PSD Programme may offer to facilitate a loan to pay for whatever machinery, equipment and raw materials needed for the implementation of the cooperation.

The opportunities are shown below.

	Advisory service	Grant	Loan
<b>The preparatory phase</b>			
Identification of partners and first visit	✓	✓	
Studies and surveys	✓	90%	
<b>The project phase</b>			
Set-up cost, training and technical assistance		90%	
Environmental provisions		90%	
Production equipment imports (limited)			✓





### The Start-Up Facility

As a facility of its own, the PSD Programme also contains a Start-Up Facility. This facility is meant for those cases, where a ground for a long term partnerships cannot be found.

The Start-Up Facility gives a local company the opportunity to receive assistance from Danish companies over shorter periods, during which the PSD Programme will partly cover their expenditures. Such assistance may involve, for instance, training, technical assistance, management assistance or assistance for export promotion. Apart from offering his professional services the Danish partner will not take any share in the business.

### All lines of business - wide range of types of cooperation

The PSD Programme is open to all lines of business and industry: production, services etc.

The type of cooperation is not decisive, but support is conditional on agreements between companies being mutually binding and having a long term perspective.

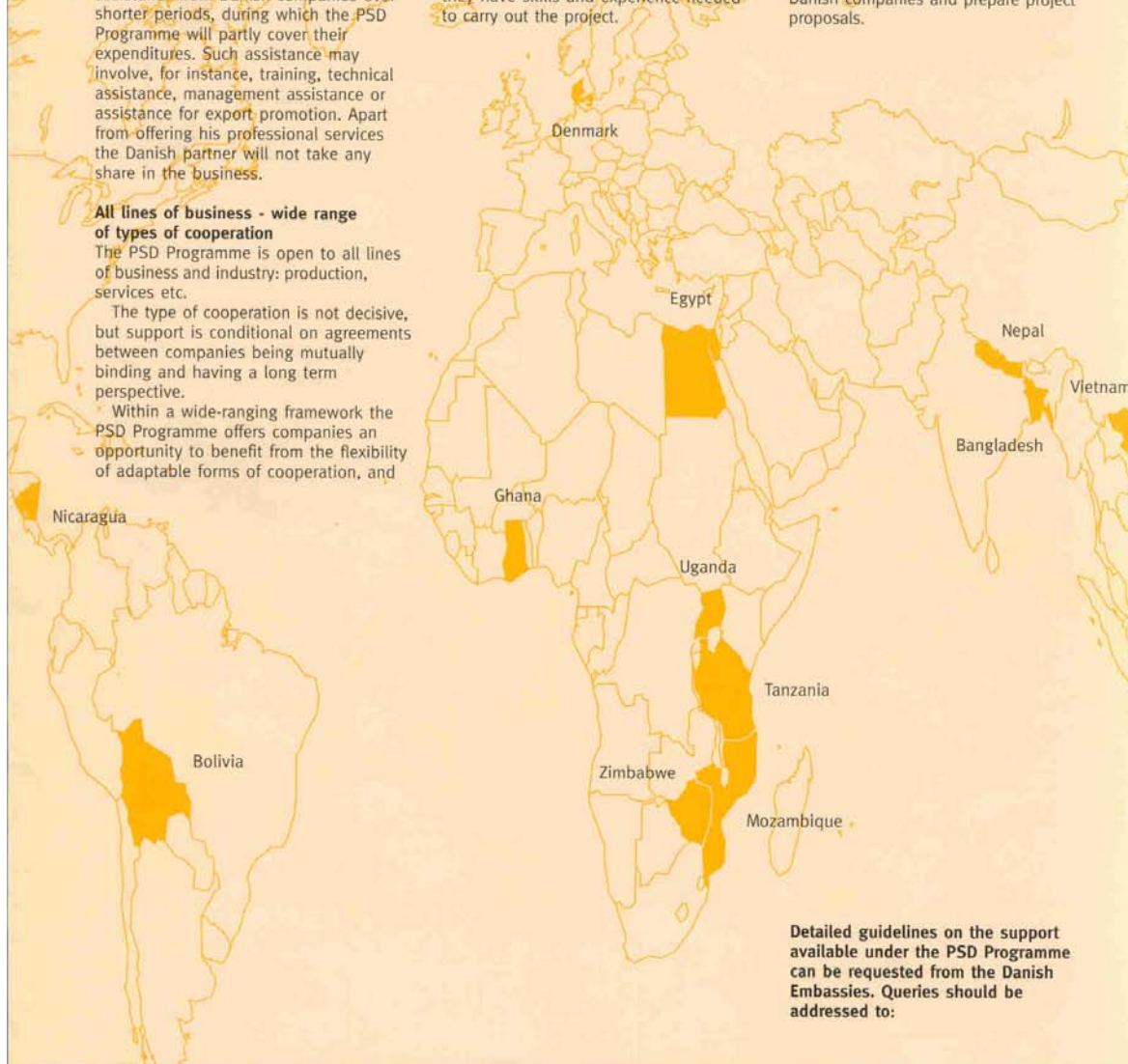
Within a wide-ranging framework the PSD Programme offers companies an opportunity to benefit from the flexibility of adaptable forms of cooperation, and

to make adjustments as the project develops and new needs arise. It is possible, for instance, to lead off with narrowly defined production cooperation and subsequently develop the project into a joint venture, with both partners injecting share capital.

Eligible companies must demonstrate they have skills and experience needed to carry out the project.

### Who to contact

If you require further information or have a concrete project proposal, please feel free to contact the Danish Embassy, where you can freely ask for advice. The Embassy is in a position to offer companies valuable information for further planning, to assist in making contacts with Danish companies and prepare project proposals.



Detailed guidelines on the support available under the PSD Programme can be requested from the Danish Embassies. Queries should be addressed to:



## MINISTRY OF FOREIGN AFFAIRS

### Danida

#### Denmark:

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PSD Secretariat  
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#### Bangladesh:

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Dhaka 1212  
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Dhaka  
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Fax: 00 880 2 882 3638  
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#### Bolivia:

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Tel.: 00 591 2 430046/2 430058  
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#### Egypt:

Danida Private Sector Development Programme  
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12, Hassan Sabri Street  
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#### Ghana:

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Accra  
Tel.: 00 233 21 226 972/229 830  
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Telex: 2746 ambdan gh  
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#### Mozambique:

Danida Private Sector Development Programme  
Royal Danish Embassy  
Avenida 24 de Julho 1500  
Caixa Postal 4588  
Maputo  
Tel.: 00 258 1 303413/14/15/16  
Fax: 00 258 1 303526  
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#### Nepal:

Danida Private Sector Development Programme  
Royal Danish Embassy  
Baluwatar  
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Katmandu  
Tel.: 00 977 1 413010/413020  
Fax: 00 977 1 411409  
E-mail: dancmb@wlink.com.np

#### Nicaragua:

Danida Private Sector Development Programme  
Royal Danish Embassy  
Apartado Postal 4942  
Managua  
Tel.: 00 505 268 0250/0251/0252/0253  
Fax: 00 505 268 8095  
E-mail: denmark@ns.tmx.com.ni

#### Tanzania:

Danida Private Sector Development Programme  
Royal Danish Embassy  
Ghana Avenue  
P.O. Box 9171  
Dar es Salaam  
Tel.: 00 255 51 113887/88/89/90/91/92  
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#### Uganda:

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Royal Danish Embassy  
Plot 3, Lumumba Avenue  
P.O. Box 11243  
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#### Vietnam:

Danida Private Sector Development Programme  
Royal Danish Embassy  
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#### Zimbabwe:

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Royal Danish Embassy  
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## Development Accounts - Private Sector Development (PSD) Projects (2000-2001) - Bangladesh

PROJECT	EMPLOYMENT				FOREIGN EXCHANGE EARNINGS/SAVINGS IN US\$ PER ANNUM		ADDITIONAL INVESTMENTS IN US\$		ENVIRONMENTAL INVESTMENTS IN US\$		INVESTMENTS IN IMPROVED WORK ENVIRONMENT IN US\$	
	Immediate		Long-run		Immediate	Long-run	Immediate	Long-run	Immediate	Long-run	Immediate	Long-run
	Male	Female	Male	Female								
DFDS Transport	10	3	20	10	0	0	151286	300000	0	0	10000	20000
Mens Fashion	30	0	300	1000	0	4750000	3500000	7000000	25000	155000	20000	50000
Herning Vorgod	2	1	15	5	0	350000	20000	300000	0	0	0	20000
BK Medical	2	0	3	0	0	10000	8000	18000	0	0	0	0
Metrocomia	12	1	80	20	30000	1000000	50000	200000	0	0	10000	20000
Cappuccino	26	10	70	20	0	800000	52102	72000	150934	250000	27909	42909
Dahetra	4	0	260	826	0	7500000	101754	6200000	0	970000	0	30000
Luka Collection	0	0	70	165	0	1850000	0	1350000	0	20000	0	27000
Vestergaards	10	0	200	50	0	500000	53000	132500	0	0	5000	55000
ENH Engineering	0	0	30	5	0	0	0	1000000	0	17400	0	600
<b>Total</b>	<b>96</b>	<b>15</b>	<b>1048</b>	<b>2101</b>	<b>30000</b>	<b>16760000</b>	<b>3936142</b>	<b>16572500</b>	<b>175934</b>	<b>1412400</b>	<b>72909</b>	<b>265509</b>

The above table helps the conclusion that the PSD Grant commitment of DKK 20.63 mio. (till date) is likely to lead us to the following quantifiable Development Results.

Employment	-	Men: 1048 ; Women: 2101	Foreign Exchange Earnings/Savings	-	US\$ 16.76 mio. per annum
Additional Investments	-	US\$ 16.57 mio.	Environmental Investments	-	US\$ 1.412 mio.
Investments in improvement of Work Environment	-	0.266 mio.			(Danida Grants not included)

However since the PSD Programme in Bangladesh is still new, with a total PSD Grant disbursement of only DKK 6.23 mio. (till date) , the Development Results achieved till now by the projects are lower.

Employment	-	Men: 96 ; Women: 15	Foreign Exchange Earnings/Savings	-	US\$ 0.03 mio. per annum
Additional Investments	-	US\$ 3.93 mio.	Environmental Investments	-	US\$ 0.176 mio.
Investments in improvement of Work Environment	-	0.073 mio.			(Danida Grants not included)

The non quantifiable Development Results that the Local Partners have indicated can be summarised as follows.

**1. Access to New Markets:**

After the complete implementation of the approved PSD Projects ( 7 ) , the private sector in Bangladesh is expected to gain access to new markets in USA, Canada, Europe, Far East and South Asia. In fact some of the projects have already achieved this result.

**2. Exemplary Effect:**

The environmental (external and working) improvements in the textile projects are expected to provide the right kind of examples for foreign agencies and buyers to exert the pressure on the rest of the Readymade Garment industry in Bangladesh to conform to at least the national standards to start with.

**3. Demonstration Effect:**

The Vestergaards Bogtrykkeri Project aimed at outsourcing to Bangladesh, prepress production activities such as Graphics Design and Layout (tending to be economically unviable in the western world) is expected to build confidence both in Bangladesh and the western world that a poor country like Bangladesh, given the appropriate training & technical assistance will be able to enter the multi-billion Dollar industry of Information Technology (IT) Enabled services, which in the next decade is expected to create a large number of well paid white collar jobs in the Developing World.

The Cappuccino cooperation through the PSD Project is working towards instilling the confidence in the Bangladeshi Readymade Garment manufacturers that by learning to establish the flexible production systems (short production runs) they can survive the competition after 2004, (when preferential trade arrangements will be withdrawn) by moving up the value ladder to earn better margins expected to translate into better wages and working conditions for the workers.

**4. Spin-off Benefits:**

The ENH Engineering Project will benefit the Road Construction Industry of Bangladesh by giving them access to the Bitumen Emulsion technology (which is the only acceptable standard in Scandinavian Countries), to give them the benefit of lower costs, durability and environmental friendliness.

Better and professional Freight Forwarding and Monitoring services offered by the DFDS Transport JV is expected to benefit the Readymade Garments Industry by attracting customers from Europe and North America who have been avoiding the Bangladeshi suppliers as their reputation on handling logistics has been extremely poor.

Access to and training of doctors on the latest Medical Diagnostic technologies brought in by the BK Medical project is expected to have a wide spread influence on the improvement of the quality of healthcare services in Bangladesh.

The goal of producing Functional Biscuits in Bangladesh by the Herning Vorgod Biscuit Project is likely to lower the costs of handling the Relief Food supply operations in the disaster (flood) prone areas of Bangladesh.

# COMPANY PROFILE

## 1. Basic Data

Name:

Address:

Telephone:

Telefax:

Contact person:

( Name and Designation )

Type of Company:

( Public / Private limited, Partnership, Proprietary )

Year of establishment:

Number of employees:

Bankers:

Current lines of business and range of products:

Infrastructure / Equipment available:

Details of markets catering to:

( Preferably break up of sales in domestic and export markets for the last three years )

Financial details for the last three years:

1998

1999

2000

Turnover:

Net profits:

Total assets:

Equity:

Net worth:

Names of Subsidiary / Associate companies:

Company brochures and product literature enclosed:



## 2. Project Idea

Activity for which the cooperation is sought:

Relevance of the proposed activity to present business:

Type of collaboration sought:

Products to be manufactured:

Raw materials required and their availability:

Location of the production facility:

Infrastructure available at the proposed location:

Current market potential and company's experience in the existing market:

Details of existing competition:

Marketing and distribution plan:

Financing structure of the proposed project:

Motives for seeking a collaboration with a foreign partner:

## ANNEX T

### Appendix 1: Characteristics of Business Development Training

SI NO.	Categories of Training	Clients	Geographical breakdown	Sector
1.	<b>Entrepreneurship Development</b>			
	• Entrepreneurship Development Training	• Entrepreneurs, NGO staff, Micro-credit recipient • Both men and women	• Urban , peri-urban and rural	ME/SME
	• Business Communication	• Entrepreneurs	• Urban	SME
2.	<b>Financial and Micro Credit</b>			
	• Accountancy	• Entrepreneurs, NGO staff, Micro-credit recipient • Both men and women	• Urban , peri-urban and rural	ME/SME
	• Financial Ratio Analysis	• NGO staff	• Urban and rural	ME/SME
	• Orientation on Micro Finance Law	• SMEs • Private Entrepreneurs	• Urban and rural	ME/SME
	• Financial modelling	• SMEs • Private Entrepreneurs	• Urban and rural	SME
	• Computer based Financial Analysis	• SMEs • Private Entrepreneurs	• Urban	SME
	• Delinquency Management and Setting Interest Rates	• NGOs • NGO staff	• Urban and rural	ME/SME
3.	<b>Business Planning and Management</b>			
	• IGA Planning and Management	• MEs	• Urban and rural	ME/SME
	• Business Management	• NGOs • NGO staff	• Urban and rural	ME/SME
	• Sub-sector Analysis	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Total Quality Management	• Entrepreneurs	• Urban	SME
	• Micro-credit Management	• Entrepreneurs	• Urban and rural	ME/SME
	• Quality control	• Entrepreneurs	• Urban	SME
4.	• Institutional Self-sufficiency Training		• Urban and rural	ME/SME
	<b>Product identification Development</b>			
	• Strategic Product Identification	• Entrepreneurs	• Urban	SME
5.	<b>Marketing</b>			
	• Marketing techniques	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Developing Selling Skills	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	• Marketing Management: principles and	• NGO staff and entrepreneurs	• Urban and rural	ME/SME
	•			

SI NO.	Categories of Training	Clients	Geographical breakdown	Sector
6.	<b>Export promotion</b>			
	• Export and Import Business	• Entrepreneurs	• Urban	ME/SME
	• ISO 9000: Requirement for Successful Certification	• Entrepreneurs	• Urban	ME/SME
	• Export Promotion and Practices	• Entrepreneurs	• Urban	ME/SME
7.	<b>Technical/ Skill training</b>			
	• Agriculture	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME
	• Livestock	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME
	• Fisheries	• NGO staff and entrepreneurs	• NGO staff and entrepreneurs	ME/SME

Source: Training Brochure / reports of DCCI, BIM, MIDAS, BASC, ITDG, DCCI, TRIN, GTZ, SCITI, and other similar organisations.



## Appendix 2: A table of MEs and SME Development Project/Institutions

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
1.	RD Project-5 Employment Generation Project in Faridpur, Madaripur, Rajbari, Gopalganj, Sariatpur and Kurigram (3 <sup>rd</sup> Phase)	<ul style="list-style-type: none"> <li>Accountancy</li> <li>Skill training</li> <li>Entrepreneurship Development</li> <li>IGA Planning and Management</li> <li>Micro credit</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs Men and women</li> </ul>
2	Dhaka Chamber and Commerce Industries (DCCI)	<ul style="list-style-type: none"> <li>Marketing</li> <li>Export and Import Business</li> <li>Computer based Financial Analysis</li> <li>ISO 9000: Requirement for Successful Certification</li> <li>Sub-sector Analysis</li> <li>Business Communication</li> <li>Quality control</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>
3	Bangladesh Institute of Management (BIM)	<ul style="list-style-type: none"> <li>Marketing techniques</li> <li>Export Promotion</li> <li>Developing Selling Skills</li> <li>Marketing Management: principles and Practices</li> </ul>	<ul style="list-style-type: none"> <li>MEs and SMEs Men and women</li> </ul>
4	Intermediate Technology Development Group- Bangladesh House 32 , Road 13/A, Dhanmondi R/A Dhaka-1209 Tel:8111934,9110060 Fax:880-2-8113134	<ul style="list-style-type: none"> <li>Capacity building plans</li> <li>Business Plans development</li> <li>Sub-sector study</li> <li>Marketing</li> <li>Block printed textile</li> <li>Food processing and preservation</li> <li>Light engineering</li> <li>Agri-machine tools</li> </ul>	<ul style="list-style-type: none"> <li>Existing micro entrepreneurs</li> <li>Small rural NGOs</li> <li>Priority given on women's participation</li> </ul>
5	INCOME Project, CARE Bangladesh	<ul style="list-style-type: none"> <li>IGA Selection and Management</li> <li>Financial Ratio Analysis</li> <li>Orientation on Micro Finance Law</li> <li>Financial modelling</li> <li>Delinquency Management and Setting Interest Rates</li> </ul>	<ul style="list-style-type: none"> <li>NGO executives</li> <li>Mid level staff of NGOs</li> </ul>
6	GTZ/PPS	<ul style="list-style-type: none"> <li>CEFE Model: NBC and BIC training</li> <li>Organisational Development</li> <li>Training on establishment of BDS centres</li> </ul>	<ul style="list-style-type: none"> <li>Mid level NGO staffs Men and women as "CEFE Trainers.</li> </ul> <p><i>(Then these trainers train the micro entrepreneurs at rural and urban level under the project areas of NGOs)</i></p>
7	Micro Industries Development Assistance and Service (MIDAS) h# 5, R#16, Dhanmondi, Dhaka- 1209 Tel. - PABX : 816094-5, 816186-7; Fax : 811188	<ul style="list-style-type: none"> <li>Entrepreneurship Development Training</li> <li>Business Management</li> <li>Total Quality Management</li> <li>Micro-credit Management</li> <li>Strategic Product Identification</li> <li>Institutional Self-sufficiency Training</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneurs</li> <li>NGOs</li> <li>Corporate sector</li> <li>Donor funded project (Both women and men)</li> </ul>

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
8	Business Advisory Services Centre (BASC) House # 91, road 12 A, Dhanmandi Dhaka-1209 Tel: 8110693, 8110694 8112467, 9130072	<ul style="list-style-type: none"> <li>• Agriculture (mashroom cultivation, agri-business, commercial floriculture, etc)</li> <li>• Livestock (Beef Cattle fattening, Dairy Farming, Poultry Farming, etc.)</li> <li>• Fisheries Fish Farming, Fish Hatchery Management, etc)</li> <li>• Accounting and Financial Management</li> <li>• Production Management</li> <li>• Business Management</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs</li> <li>• NGOs</li> <li>• Corporate sector</li> <li>• Donor funded project (Both women and men)</li> </ul>
9.	TRIN 10/15 Iqbal Road, Mohammandpur Dhaka-1207 Tel;9111524 e-mail:trin@aitlbd.net	<ul style="list-style-type: none"> <li>• Basic Business Management, marketing plan development and bank loan application procedures</li> <li>• Product Pricing and Promotion for women entrepreneurs</li> <li>• Selling skills</li> <li>• Marketing Management</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs</li> <li>• NGOs</li> <li>• Donor funded project (Both women and men)</li> </ul>
10		<ul style="list-style-type: none"> <li>• Entrepreneurship Development</li> <li>• Industrial Development</li> <li>• Financial Management</li> <li>• Marketing Management</li> <li>• General Management</li> <li>• Research &amp; Consultancy</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs (MEs)</li> <li>• Private entrepreneur (SMEs)</li> <li>• NGOs</li> <li>• Service holders</li> <li>• Unemployed youths</li> <li>• Corporate members</li> </ul>
11	Bangladesh Industrial Technical Assistance Centre (BITAC) Tejgaon Industrial Area, Dhaka - 1208 Tel. : 600121, 9880107	<ul style="list-style-type: none"> <li>• Machine shop</li> <li>• Mechanical Drafting</li> <li>• Automobile</li> <li>• Auto Electricity</li> <li>• Welding</li> <li>• Electrical Maintenance</li> <li>• Machine Maintenance</li> <li>• Heat Treatment</li> <li>• Electroplating</li> <li>• Pattern Making</li> <li>• Foundry Practice</li> <li>• Plastic Mould Design</li> <li>• Plastic Processing Technology</li> <li>• Plastic processing and Quality control</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs (MEs)</li> <li>• Private entrepreneur (SMEs)</li> <li>• NGOs</li> <li>• Donor funded project (Both women and men)</li> </ul>
12	National Association of Small & Cottage Industries of Bangladesh (NASCIB) 63/1, Purana Paltan line, Dhaka - 1000 Tel. - Fax : 842709	<ul style="list-style-type: none"> <li>• Productivity Development</li> <li>• Skills Development</li> <li>• Management, Quality Control and Marketing</li> <li>• How to get credit and how to get utilize it properly</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs (MEs)</li> <li>• Private entrepreneur (SMEs)</li> <li>• NGOs</li> <li>• Donor funded project (Both women and men)</li> </ul>
13	Job Opportunities and Business Support (JOBS) H # 1/A, R # 23, Gulshan-1, Dhaka-1212 Tel.- 9885154, 8826154, 8829037 Fax : 8826154	<ul style="list-style-type: none"> <li>• EDP and EDBM</li> <li>• Capacity Building</li> <li>• Skill development on: Weaving, Textile, Bakery, Electric goods and footwear</li> </ul>	<ul style="list-style-type: none"> <li>• Private entrepreneurs (MEs and SMEs)</li> <li>• NGOs (MEs)</li> <li>• (Both women and men)</li> </ul>

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
14	Chittagong Chamber of Commerce & Industry (CCCI) Chamber House, Agrabad C/A GPO Box No. 481, Chittagong Tel. : 031-713366; Fax : 031-710183 E-mail : <a href="mailto:ccci@globalctg.net">ccci@globalctg.net</a>	<ul style="list-style-type: none"> <li>Productivity/ efficiency development</li> <li>Financing and credit procedure</li> <li>Accounting procedure</li> <li>Management Development</li> <li>Marketing</li> <li>Strategic Product Identification</li> <li>Technology</li> <li>EDP (Executive Development Programme)</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur (SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>
15	Khulna Chamber of Commerce & Industry (KCCI) Chamber Mansion (3 <sup>rd</sup> Floor), 5K.D.A. C/A Khulna. Tel. : 041-721745, 721695, 725635; Fax : 041-761213	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Business Management</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members (SMEs) (Mostly men)</li> </ul>
16	Rajshahi Chamber of Commerce & Industry (RCCI) Chamber Bhaban, Station Road P.O Ghoramar, Rajshahi - 6100 Tel. : 0721-772115; Fax : 0721-772488	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Business Management</li> <li>Women entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur(SMEs)</li> <li>Associate members(SMEs) (Men and women)</li> </ul>
17	Sylhet Chamber of Commerce & Industry (SCCI) Chamber Building, Jail Road P.O Box No. 97, Sylhet Tel. : 0821-714403, 716069 Fax : 0821-7150210	<ul style="list-style-type: none"> <li>Letter of Credit (LC)</li> <li>Improvement of Marketing Skills</li> </ul>	<ul style="list-style-type: none"> <li>Private entrepreneur (Smells)</li> <li>Associate members (Smells) (Mostly men)</li> </ul>
18.	Women Training Centres, Irish Concern	<ul style="list-style-type: none"> <li>Tailoring</li> <li>Mat Making</li> <li>Knitting</li> <li>Bamboo Work</li> </ul>	<ul style="list-style-type: none"> <li>Poor and vulnerable women (Mess)</li> </ul>
19.	RDRS House 62, Road 7 A Dhanmandi Dhaka	<ul style="list-style-type: none"> <li>Carpentry</li> <li>Tailoring</li> <li>Sericulture</li> <li>Agro-services</li> <li>Block and Screen printing</li> </ul>	<ul style="list-style-type: none"> <li>Poor and vulnerable women and Men (MEs)</li> <li>Group trainers (Both women and men)</li> </ul>
20	SEDP/Janata Bank	<ul style="list-style-type: none"> <li>Credit management</li> <li>Skill Training</li> <li>Feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs (Both women and men)</li> </ul>
21	IGVGD, BRAC 75, Mohakhali Dhaka	<ul style="list-style-type: none"> <li>Micro-Credit management</li> <li>Skill Training</li> <li>Market linkage</li> </ul>	<ul style="list-style-type: none"> <li>Vulnerable women in the village (MEs) (Only women )</li> </ul>
22.	BRAC Mela 75, Mohakhali, Dhaka	<ul style="list-style-type: none"> <li>Credit management</li> <li>Training on 'Support in identification of non-traditional business opportunity'</li> </ul>	<ul style="list-style-type: none"> <li>Micro entrepreneurs (Both women and men)</li> </ul>

SI NO.	ME /SME Development Project/Institutions	Type of Training	Client focus
23.	IFADEP-1	<ul style="list-style-type: none"> <li>• Credit</li> <li>• Savings</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerable women in the village (MEs) (Only women )</li> </ul>
	Bank of Small Industries & Commerce (BASIC) Sena Kalyan Bhaban (7 <sup>th</sup> Floor) 195 Motijheel C/A, Dhaka- 1000 Tel.: 9564830, 9567910, 9568190, Fax: 9564820. E-mail : <a href="mailto:basicho@citechco.net">basicho@citechco.net</a>	<ul style="list-style-type: none"> <li>• Enterprise Development</li> <li>• Banking procedure and management</li> </ul>	<ul style="list-style-type: none"> <li>• MEs</li> <li>• SMEs (Both women and men)</li> </ul>
	Small Enterprise Development Project (SEDP) 4/5, Iqbal Road, Block - A Mohammadpur, Dhaka - 1207 Tel. ; 822204	<ul style="list-style-type: none"> <li>• Enterprise Development Training (EDT)</li> <li>• Skill Development Training (SDT)</li> </ul>	<ul style="list-style-type: none"> <li>• Micro entrepreneurs</li> <li>• Poor men and women</li> <li>• SMEs (Both women and men)</li> </ul>

### Appendix 3: Status of Interviewed Enterprises and Status of Training Support Services

SI No	Name of Enterprises	Subsector	Type ME/ SME	Location	Geographical Area	Type of business support services availed	Type of training courses	Target Clients	Training needs: (Demand-driven / Supply-driven)	Usefulness of training
1	2	3	4	5	6	7	8	9	10	11
1	Rice Milling	Food Processing	SME	Rangpur	Rural	No Support	-	-	-	
2	Wooden Furniture	Residual A	ME	Rangpur	Rural	Training	New business creation (under CEFE/GTZ: RDRS)	Micro entrepreneurs (MEs)	Supply - driven	Useful
3	Timber/Wood supply to Furniture Factory	Residual A	ME	Rangpur	Rural	Training	New business creation (under CEFE/GTZ:RDRS)	Micro entrepreneurs (MEs)	Supply - driven	Useful
4	Carpet Manufacturing	Residual A	ME	Rangpur	Semi- Urban	Training	Vegetable Dyeing (by JOBS : Arter Asha)	ME & SMEs	Supply - driven	Not Useful
5	Partical Board Manufacturing	Residual A	SME	Rangpur	Semi-Urban	No Support	-	-	-	
6	Cloth Business	Residual A	ME	Rangpur	Rural	Training	New business creation (under CEFE/GTZ:RDRS)	Micro entrepreneurs (MEs)	Supply - driven	Useful
7	Electric Fan Manufacturing	Engineering	SME	Rangpur	Urban	No Support	-	-	-	
8	Nail / Spike Manufacturing	Engineering	ME	Rangpur	Semi-Urban	No Service	-	-	-	
9	Aluminum utensils Trading	Residual B	ME	Rangpur	Rural	Training	New business creation (under CEFE/GTZ:RDRS)	Micro Entrepreneurs	Supply - driven	Very useful
10	Aluminum utensils Production	Residual B	ME	Rangpur	Rural	Training	New business creation (under CEFE/GTZ:RDRS)	Micro Entrepreneurs	Supply driven	Useful
11	Tube-well parts pipe Manufacturing	Engineering	SME	Rangpur	Semi-Urban	No Service	-	-	-	-
12	Tube-well, pipe Manufacturing	Engineering	SME	Rangpur	Semi-Urban	Training	- Industrial Mgt. (Abroad) - Costing Defect : How to avoid it (Abroad) - Plastic Extrusion (Bangladesh) - Industrial promotion GOB & Foreign (Abroad)	SMEs SMEs SMEs SMEs	Demand driven Demand driven Demand driven Demand driven	Very Useful Useful Very Useful Useful
13	Soap Production	Perfume & Toiletries	ME	Rangpur	Urban	No Service	-	-	-	-
14	Soap Production	Perfume & Toiletries	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : YPSA)	MEs	Supply driven	Useful

SI No	Name of Enterprises	Subsector	Type ME/ SME	Location	Geographical Area	Type of business support services availed	Type of training courses	Target Clients	Training needs: (Demand-driven / Supply-driven)	Usefulness of training
15	Embroidery, Batique (Handicrafts)	Residual A	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : Ghasful)	MEs	Supply driven	Useful
16	Motor Garage and supply of Motor parts	Residual A	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : Ghasful)	MEs	Supply driven	Useful
17	Machine parts Selling	Residual A	ME	Chittagong	Urban	Training	Business Development (MIDAS)	MEs & SMEs	Demand driven	Useful
18	Aluminum Utensils selling	Residual B	ME	Chittagong	Urban	Training	Business Development (MIDAS)	MEs & SMEs	Demand driven	Useful
19	Electric goods selling	Residual B	ME	Chittagong	-	No Service	-	-	-	-
20	Poultry Farm	Residual A	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS: / YPSA)	MEs	Supply Driven	Not Useful
21	Information Network	Residual A	SME	Chittagong	Urban	Training	- Satellite Technique - Information Technology (Private Company: Singapore)	SMEs	Demend Driven	Very useful
22	Tailoring and Fabrics selling	Knitwear	ME	Chittagong	Urban	No Service	-	-	-	-
23	Phenyl Production	Residual B	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : Ghashful)	MEs	Supply Driven	Useful
24	Coconut Oil (scented) Processing	Perfume and Toiletries	SME	Chittagong	Semi-Urban	No Service	-	-	-	-
25	Iron casting and re-rolling	Engineering	SME	Chittagong	Semi- Urban	Training	Business development (MIDAS)	MEs & SMEs	Demand driven	Useful
26	Steel / Iron Vulcanizing Roads/ plate Production	Engineering	SME	Chittagong	Semi-Urban	Training	Technical Magt. (BSCIC)	SMEs	Supply driven	Useful
27	Electric Fan Production	Engineering	SME	Chittagong	Semi-Urban	Training	- Accounts Mgt. (BSCIC) - Marketing (BSCIC)	SMEs SMEs	Supply driven Supply driven	Useful Very Useful
28	Food Processing	Food processing	ME	Chittagong	Urban	Training	Enterprise Development	MEs	Supply driven	Useful
29	Food Processing	Food Processing	SME	Chittagong	-	No Service	-	-	-	-
30	Packaging (Paper - Hard board)	Residual A	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : YPSA)	MEs	Supply driven	Useful
31	Paper Products	Residual A	SME	Chittagong	Semi-Urban	Training	Technical Management (BSCIC)	SMEs	Supply driven	Useful

SI No	Name of Enterprises	Subsector	Type ME/ SME	Location	Geographical Area	Type of business support services availed	Type of training courses	Target Clients	Training needs: (Demand-driven / Supply-driven)	Usefulness of training
32	Packaging (paper board)	Residual A	SME	Chittagong	Semi-Urban	No Service	-	-	-	-
33	Pottery	Residual B	ME	Chittagong	Urban	Training	Enterprise Development (JOBS : Ghasful)	MEs	Supply driven	Not very useful
34	Fish Farm and Processing	Fish and sea food	SME	Chittagong	Semi-Urban	Training	Fish Preservation System (Fish trading company from abroad)	SMEs	Demand driven	Useful
35	Mosquito coil Manufacturing	Residual B	ME	Chittagong	Semi- Urban	Training	Enterprise Development (JOBS : YPSA)	MEs	Supply driven	Useful
36	Shoe Factory (Foot wear)	Tanning & Leather	ME	Chittagong	Semi-Urban	Training	Enterprise Development (JOBS : YPSA)	MEs	Supply driven	Useful
37	Shoe Factory (Foot wear )	Tanning & Leather	SME	Dhaka	Urban	Training	- Marketing (JOBS) - Technical up-gradation (MGF)	SMEs SMEs	Supply driven Demand driven	Useful Very Useful
38	Shoe Factory (Food wear)	Tanning & leather	SME	Dhaka	Urban	-Trade Fair (JOBS) - Technical Consultancy (form Italy)	-	SMEs	Demand driven Demand driven	Very Useful Very Useful
39	Weaving and Spinning	Textile	SME	Dhaka	Urban	- Training - Export Assistance(DCCI) -Training	Quality control (Ekota Forum ) Packaging (World Craft council)	SMEs SMEs SMEs	Supply driven Demand driven Demand driven	Useful Very Useful Useful
40	Textile and Apparel	Residual A	SME	Dhaka	Urban	- Trade Fair (JOBS) -Export assistance (DCCI) -Training	- - Quality Control (Ekota Forum)	SMEs SMEs SMEs	Demand driven Demand driven Supply driven	Very Useful Very Useful Useful
41	Made up Textile Apparel	Residual A	SME	Dhaka	Urban	Training	Design Development (BSCIC)	MEs & SMEs	Supply driven	Useful
42	Textile Dying and Printing	Dyeing & Printing	SME	Dhaka	Urban	- Training - Trade Fair (JOBS) - Training	Business Mgt.  Product Development (JOBS)	MEs & SMEs  MEs & SMEs	Supply driven  Supply driven	Useful Useful Useful
43	Motor Vehicle (assembling & importing)	Engineering	SME	Dhaka	Urban	No Service	-	-	-	-

## Appendix 4: Training Information of Service Providers with Cost Variance

Sl. No.	Name and Address	Period	Events	Number of Participants (per event)	Total fee per event (Tk.)	Total Cost per Event	Profit / Loss per course/ Event	Profit / Loss per year
1	Centre for Management Development (CMD) H # 47, R # 3A, Dhanmondi R/A, Dhaka-1209 Tel. - 9661228; Fax - 8614360	7 Days	18	15	15 X 3500 = 52500	49,625	+2,875	+51,750
2	Rapport Bangladesh Limited Zeenaat Bhaban (3 <sup>rd</sup> Floor), 41/1 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka- 1215 Tel. : 8111664, 8111664	2 Weeks	80	25	25 X 4000 = 1,00,000	95,375	+4,625	+3,70,000
3	Bangladesh Institute of Management (BIM) (BIM) former BMDC 4, Sobhanbag, Mirpur Road, Dhaka - 1207 Tel. : 8117405-7, Fax 8114304	2 Weeks (Short Course)	100	12	12 X 3300 = 39,600	1,32,086	-92,486	-92,48,600
		1 Week (Diploma)	05	60	60 X 17,250 = 10,35,000	32,15,350	-21,80,350	-1,09,01,750
4	HEDA Consultants and Technologies Ltd. 344/3 (3 <sup>rd</sup> Floor) Sonargaon Raod, Free school street, Dhaka - 1205 Tel. : 8617531, Fax - 8614562	2 days	12	15	1000 X 15 = 30,000	11,850	+3150	+37,800
5	Bangladesh Employers Federation (BEF) 122 - 124 Motijheel C/A, Dhaka-1000 Tel. : 9565208 -10, Fax - 9565212	2 days	24	20	20 X 1500 = 30,000	36,200	-6,200	-1,48,800
6	Small & Cottage Industries Training Institute (SCITI) H # 24/A, R # 13, Sector # 6, Uttara, Dhaka -1230 Tel. : 8915354, 8915353; Fax - 9562447	2 Weeks	65	25	25 X 25 = 625	39,700	-39,075	-25,39,875
7	Engineers Institute Ramna, Dhaka- 1000, Tel.: 9560100	2 Days	16	15	15 X 1500 = 22,500	28,000	-5,500	-88,000
8	CARE-Bangladesh, Income Project H # 60, R # 7A, Dhanmondi Dhaka. Tel.= 8114195 - 98; Fax - 8114183	5 Days	12	22	22 X 5500 = 1,21,000	77,000	+44000	+5,28,000
9	Intermediate Technology Development Group Bangladesh (ITDG) H # 32, R # 13A, Dhanmondi, Dhaka - 1209 Tel. : 8111934, 9123671; Fax.: 8113134	15 Days	6	15	15 X 4000 = 60,000	29,000	+31000	+1,86,000
10	Business Advisory Service (BAS) DCCI Building 5 <sup>th</sup> floor, 65 - 66 Motijheel, Dhaka-1000, Tel.- 9550104, Fax - 9567149	5 Days	24	30	30 X 1350 = 40500	87,500	-47,000	-11,28,000
11	JOBS Program H # 24, R # 7, Block # H, Banani, Dhaka- 1213 Tel. : 8829037, Fax - 8826154	15 Days	24	20	Free	1,68,400	-1,68,400	-40,41,600
12	Business Advisory Service Centre (BASC) H # 91, R # 12A, Dhanmondi, Dhaka-1209 Tel.: 8110693-4; 9125079; Fax. : 8113305	5 Days	36	16	16 X 3000 = 48,000	43,720	+4,280	+1,54,080
13	Micro Industries Development Assistances Service (MIDAS) H # 5, R # 16, Dhanmondi, Dhaka-1209 Tel - 816094; Fax : 8111188	6 Days 12 Days	12	20	2500 X 20 = 50,000	79,500	-29,500	-3,54,000



Sl. No.	Name and Address	Period	Events	Number of Participants (per event)	Total fee per event (Tk.)	Total Cost per Event	Profit / Loss per course/ Event	Profit / Loss per year
14	Dhaka Chamber of Commerce & Industry (DCCI) Dhaka Camber building, 65 - 66 Mothijee C/A, Dhaka-1000, Tel. : 9552562; Fax-9560830 E-mail : <a href="mailto:dcci@bangla.net">dcci@bangla.net</a>	5 Days	12	30	30 X 1350 = 40,500	90,000	-49,500	-5,94,000
15	Independent University Bangladesh (IUB) H # 3, R # 10, Baridhara, Dhaka-1212 Tel. : 9884498, 9881917; Fax : 8823959	2 Days	20	20	20 X 6000 =120,000	147,000	-27,000	-5,40,000
16	Institute of Personnel Management (IPM) 10/13 Iqbal Road, Block - A Mohammadpur, Dhaka-1207 Tel. : 9113932	1 Week	8	30	30 X 1300 = 39,000	29,500	+9,500	+76,000

## Appendix 5: A Sample Format for the Directory of Training Service Providers

### Current training program status at Service Providers (Training-related Issues under different Organisations)

SL	Training-related Issues	Organisations with training-related issues		
		BASC	DCCI (DBI)	MIDAS
Current Training Provision				
1	Nature of Program	<ul style="list-style-type: none"><li>ISO 9002 Certification</li><li>Internal Quality Audit</li><li>Total Quality management</li><li>Lead Auditor</li><li>Customized Programs</li><li>Agri-business</li><li>Enterprise development</li></ul>	<ul style="list-style-type: none"><li>ISO 14000</li><li>ISO 9000</li><li>Total Quality Management</li><li>Financial Management</li><li>Business operational management</li><li>Organisational management</li><li>Marketing management</li></ul>	<ul style="list-style-type: none"><li>Enterprise Development (CEFE-NBC)</li><li>Business Management Development</li><li>Total quality Development</li><li>Marketing Management</li><li>Micro Credit Management</li><li>Salesmanship</li><li>Small Business Planning</li></ul>
2	Number of Programs	15	25	7 (Major)
3	Most Popular Programs	<ul style="list-style-type: none"><li>ISO 9002 Certification</li><li>Internal Quality Audit</li><li>Total Quality Management</li><li>Enterprise Dev.</li></ul>	<ul style="list-style-type: none"><li>Marketing management</li><li>Joint venture formation and operation (<i>under organizational management course</i>)</li></ul>	<ul style="list-style-type: none"><li>Small Business Planning</li><li>Enterprise Development (CEFE-NBC)</li><li>Marketing Management</li></ul>
4	Program specially focused for MEs	All Programs	None	<ul style="list-style-type: none"><li>Enterprise Development</li><li>Micro Credit Management</li></ul>
5	Program specially focused for SMEs	None	All Programs	<ul style="list-style-type: none"><li>Business Management Development</li><li>Marketing Management</li><li>Total Quality Management</li></ul>
6	Program length	Ranges from 3 to 5 days	3 to 6 days	3 to 12 days
7	Approaches to Marketing	Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact	Mail shots, brochures, Program flyers, newspaper advertisement, and correspondence with the member organisations	Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact
8	Range of Fees charged	Tk 2,000- 4,000	Tk 500 to 1,700 for non- members Tk 500 to 1,200 for member organisations	Tk. 1500 to 4000
9	Number of Participants per Program	20 to 25	25 - 30	16 - 30
10	Number of participants needed to cover direct cost	15 to 20	25	25
Profile of Program Participants				
11	Type of sectors of the participants	NGOs, Private businesses, Governments, Chamber of Commerce, Banks	Private businesses, Governments, Chamber of Commerce, Banks, NGOs	NGOs, Private businesses, Governments, Chamber of Commerce, Banks
12	Percentage of Clients from: a. NGOs / MEs b. SMEs c. Corporate Sectors	20% None 80%	10% 50% 40	40% 50% 10%
13	Percentage of women participants	6 - 8%	5%	40%

SL	Training-related Issues	Organisations with training-related issues		
		BASC	DCCI (DBI)	MIDAS
Training Delivery				
14	Number of in-house Trainers deliver ED training	6	6	14
15	Number of associate trainers	8 – 10 ISO 9000 trainers	50	No fixed number, as per need
16	Training delivery methods	Participatory	Lecture (class room)	<ul style="list-style-type: none"><li>Lecture</li><li>Participatory</li></ul>
17	Language of delivery	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants
18	Way of selecting trainers	Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level	Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level	Own Trainers (as Staff)  Associated Training are selected through scrutiny of CVs and based on skills and experiences
19	Sectors from where trainers are selected	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations; and from the directory of SME pull of Consultants	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organisations
20	Way to monitor the quality of trainers	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback
21	Incorporating business counselling as a part of the intervention	Not incorporated	Incorporated	Not incorporated
22	Process of designing new training program	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients
Need assessment, follow-up and evaluation				
23	Need assessment before training	No formal assessment takes place	No formal assessment takes place	No formal assessment takes place
24	Training Follow-up system	Each department tends to carry out a follow-up visit to Program participants, but that is very irregular (and not systematic)	No formal follow-up system exists	No formal follow-up system exists, except in case of 'borrowers' who took loan from MIDAS Financing Limited (MFL)
25	Evaluation system: <ul style="list-style-type: none"><li>Quantitatively</li><li>Qualitatively</li></ul>	No baseline quantitative data is collected on a systematic basis. Sometimes other research institutes or consultants are invited to conduct impact assessment study. But no evaluation takes place for the individual participants / sectors to measure the status after training	Quantitative, and sample-based evaluation, when needed. Not regularly done	No baseline quantitative data (on training need purpose) is collected on a systematic basis. Sometimes other research institutes or consultants are invited to conduct impact assessment study.

**(Continued) Appendix- 5: A Sample Format for the Directory of Training Service Providers****Current training program status at Service Providers** (*Training-related Issues under different Organisations*)

SL	Training-related Issues	Organisations with training-related issues		
		GTZ - PPS-B	JOB S	BSCIC- SCITI
Current Training Provision				
1	Nature of Program	<ul style="list-style-type: none"><li>TOT (CEFE : Method NBC, BIC )</li><li>Literate</li><li>Non-Literate</li><li>Organisational Development</li></ul>	<ul style="list-style-type: none"><li>Capacity Development</li><li>Skill Development</li><li>EDBM - Entrepreneur Development &amp; Business Management</li><li>EDT- Entrepreneur Dev. Training</li></ul>	<ul style="list-style-type: none"><li>Entrepreneurship Development</li><li>Industrial Management</li><li>Marketing Management</li><li>Financial Management</li><li>General Management</li></ul>
2	Number of Program	3	6	28
3	Most Popular Program	CEFE - BIC	<ul style="list-style-type: none"><li>EDBM</li><li>EDT</li></ul>	<ul style="list-style-type: none"><li>Enterprise Development</li><li>Export Marketing</li><li>Office Management</li></ul>
4	Program specially focused for MEs	All Program	All above	<ul style="list-style-type: none"><li>Entrepreneurship Development</li><li>Marketing of Small and Cottage Industries Products</li></ul>
5	Program specially focused for SMEs	None	<ul style="list-style-type: none"><li>Quality Products Development</li></ul>	All Programs
6	Program length	3 days to 24 days	7 days	7 days to 21 days
7	Approaches to Marketing	<ul style="list-style-type: none"><li>Communication through partner organization</li><li>Mail shots, brochures, program flyers, newspaper advertisement</li></ul>	<ul style="list-style-type: none"><li>Communication through recipient Organisations</li><li>Mail shots, brochures, program flyers, newspaper advertisement</li></ul>	<ul style="list-style-type: none"><li>Mail shots, brochures, Program flyers, newspaper advertisement, oral recommendation/personal contact</li><li>Through ISC (Industrial Service Center under BSCIC) in different districts</li></ul>
8	Range of Fees charged	NA	NA	Tk. 25 to 500 (As Token Fee)
9	Number of Participants per Program	20 - 25	25	25
10	Number of participants needed to cover direct cost	NA	NA	NA
Profile of Program Participants				
11	Type of sectors of the participants	<ul style="list-style-type: none"><li>NGOs</li><li>Business association</li><li>Private organization</li><li>Public sector</li></ul>	<ul style="list-style-type: none"><li>NGOs</li><li>Private business</li><li>Govt. Chambers of Commerce</li><li>Banks</li><li>Associate Members</li></ul>	<ul style="list-style-type: none"><li>Private businessmen / women</li><li>Potential Entrepreneurs</li><li>Service holders</li><li>Unemployment youth</li><li>Associate Members</li></ul>

SL	Training-related Issues	Organisations with training-related issues		
		GTZ - PPS-B	JOBS	BSCIC- SCITI
12	Percentage of Clients from: d. NGOs / MEs e. SMEs f. Corporate Sectors	98%  2%	80% 15% 5%	15% 80% 5%
13	Percentage of women participants	50%	ME 80% SME 20%	30%
<b>Training Delivery</b>				
14	Number of in-house Trainers deliver ED training	2	4	30
15	Number of associate trainers	10	16 + 235 Trainers from recipient Organizations	<ul style="list-style-type: none"> <li>No specific trainers</li> <li>When necessary, in special cases export promotion personnel , Banker are invited</li> </ul>
16	Training delivery methods	<ul style="list-style-type: none"> <li>Fully Participatory</li> <li>Demonstration</li> </ul>	Participatory	<ul style="list-style-type: none"> <li>Lecture</li> <li>Demonstration</li> <li>Participatory</li> </ul>
17	Language of delivery	Combination of Bengali and English, based on the level of participants	Combination of Bengali and English, based on the level of participants	Bengali
18	Way of selecting trainers	<ul style="list-style-type: none"> <li>Must be a CEFE Trainer</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>	<ul style="list-style-type: none"> <li>Own Trainer</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>	<ul style="list-style-type: none"> <li>Own Trainers</li> <li>Trainers formally asked to submit CVs, respective division select trainers on the basis of qualification, practical experience, ability to deliver and to appropriate fee level</li> </ul>
19	Sectors from where trainers are selected	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organizations	Besides the in-house trainers, the associates are normally freelance trainers, some are from different NGOs / Donor organizations	<ul style="list-style-type: none"> <li>Industrial Sector</li> <li>Enterprise Development</li> <li>Finance</li> <li>Human Resource</li> </ul>
20	Way to monitor the quality of trainers	Use of evaluation sheet in the training course every day, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback	Use of evaluation sheet in the training course, follow-up visits, informal feedback
21	Incorporating business counselling as a part of the intervention	Not Incorporated	Incorporated	Not Incorporated
22	Process of designing new training program	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients	Analyzing demands and feedback from the clients

SL	Training-related Issues	Organisations with training-related issues		
		GTZ - PPS-B	JOBS	BSCIC- SCITI
Need assessment, follow-up and evaluation				
23	Need assessment before training	No formal assessment takes place	No formal assessment takes place	<ul style="list-style-type: none"><li>No formal assessment takes place</li><li>On the Job requirement</li></ul>
24	Training Follow-up system	Each department tends to carry out a follow-up visit to Program participants, but that is not regular (and not systematic)	Each department tends to carry out a follow-up visit to Program participants, but that is not irregular (and not systematic)	<ul style="list-style-type: none"><li>In formal</li><li>Through letter</li><li>Through ISC</li></ul>
25	Evaluation system: <ul style="list-style-type: none"><li>Quantitatively</li><li>Qualitatively</li></ul>	<ul style="list-style-type: none"><li>No baseline data available</li><li>Quantitative Evaluation took place</li></ul>	<ul style="list-style-type: none"><li>Quantitative Evaluation</li><li>Date base of each Entrepreneur is available.</li></ul>	<ul style="list-style-type: none"><li>Quantitative Evaluation</li><li>Through Government</li><li>Depend on Project nature</li></ul>

## Appendix 6: List of Enterprises Interviewed by the Consultants

Sl. No.	Name of Company / Agency	Persons Name	Telephone	E-mail
1	SMALL & COTTAGE INDUSTRIES TRAINING INSTITUTE (SCITI)	Md. Nurul Islam Chief Faculty Member & Head of the Department (Financial Mgt. Division)	893684, 894262, 895353, 895354 (off) 9336984 (Res)	
2	SMALL & COTTAGE INDUSTRIES TRAINING INSTITUTE	Dr. M.M. Hashem Ali Associate Faculty Member	8915353, 8915354	
3	United States of America Agency for International Development (USAID)	Aniruddha Hom Roy Project Management Specialist	880-2-8824700-22 X-2541	<a href="mailto:aroy@usaid.gov">aroy@usaid.gov</a>
4	UNIVERSITY OF DHAKA, BANGLADESH	Masuda M. Rashid Chowdhury (Saima) Professor		
5	DFID	Frank Matsaert Enterprise Development Adviser	8822705-9,	<a href="mailto:F-Matsaert@dfid.gov.uk">F-Matsaert@dfid.gov.uk</a> <a href="mailto:matsaert@agni.com">matsaert@agni.com</a>
6	MIDAS FINANCING LIMITED	Bazlur Rahman Khan Deputy Managing Director	8116094-5, 8116186 -7	<a href="mailto:midas@fsbd.net">midas@fsbd.net</a>
7	MICRO INDUSTRIES DEVELOPMENT ASSISTANCE AND SERVICES	M. Khairul Bashar Deputy General Manager	PABX : 8116094-5, 8116186 -7, 9117154 (Direct)	<a href="mailto:midas@raspit.com">midas@raspit.com</a>
8	JENNYS INTERNATIONAL LTD. JENNYS SHOES LTD. EASTERN Food Ltd.	Nasir Khan Managing Director	882-4885, 882-6350	<a href="mailto:jennys@bangla.net">jennys@bangla.net</a>
9	Dhaka Euro Shoes Limited (DESL ) Euro Trading & Co.(eTc)	Managing Director Proprietor		
10	ITDG	Abdur Rob Manager, Small Enterprise Unit.	+880 2 8111934, 9123671, 8111855 (off)	<a href="mailto:rob@itb.bdmail.net">rob@itb.bdmail.net</a>
11	Business Advisory Services Center (BASC)	Munzure Aziz Business Development Manager	PABX(02) 8110693, 8110694, 8112467, 8111808(Direct)	<a href="mailto:basc@bangla.net">basc@bangla.net</a>
12	Business Advisory Services Center (BASC)	Engr. Md. Lutful Kabir Executive Director	8110693-4, 8112467, 9112641 Home 9117076	<a href="mailto:basc@bangla.net">basc@bangla.net</a>
13	Associates for Development Initiative Ltd. (ADI)	Mr. Javed Sakhawat Managing Director	880-2 -8114373, 8117713	<a href="mailto:adi@ncll.com">adi@ncll.com</a> <a href="mailto:adi@bol-online.com">adi@bol-online.com</a>
14	Training Research and Information Network (TRIN)	M. Lutfar Rahman Khan Chief Executive	9111524(off) 9114781 (Res)	<a href="mailto:trin@bdmail.net">trin@bdmail.net</a>
15	Business Automation Limited	Shoeb Ahmed Masud Director	880-2-9134510-11, 8119345	<a href="mailto:shoeb@batworld.com">shoeb@batworld.com</a>
16	Matching Grant Facility (mgf)	Matt Moran Programme Manager	812-5810, 812-6212, 912-6544	<a href="mailto:mmoran@mgf.bangla.net">mmoran@mgf.bangla.net</a>
17	CENCE	Quazi M. Ahmed Founder & Executive Director	8120054, 017561861	<a href="mailto:quazi@transbd.net">quazi@transbd.net</a>
18	CROWN LEATHER PRODUCTS LTD.	Serajul Islam Managing Director	9872149,	<a href="mailto:coach@bol-online.com">coach@bol-online.com</a>

Sl. No.	Name of Company / Agency	Persons Name	Telephone	E-mail
19	TdK	Md. Khairul Alam	8620283, 8611475 Mobile 018226739	<a href="mailto:tdk@citechco.net">tdk@citechco.net</a>
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**Bangladesh Enterprise Development Assessment Study:**

A Review of Training Support Services for  
Enterprise Development in Bangladesh

November 2001

By: Bhabatosh Nath

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## ABBREVIATION & ACRONYMS

ADAB	Association for Development Agencies in Bangladesh
BADC	Bangladesh Agriculture Development Corporation
BASC	Business Advisory Services Center
BDS	Business Development Service
BDSP	Business Development Services Program
BGMA	Bangladesh Garment Manufacturers' Association
BIC	Business Improvement Course
BIM	Bangladesh Institute of Management
BRAC	Bangladesh Rural Advancement Committee
BSCIC	Bangladesh Small and Cottage Industries Corporation
BUET	Bangladesh University of Engineering and Technology
CDS	Community Development Service
CEFE	Competency-based Economy through Formation of Enterprises
DBI	DCCI Business Institute
DCCI	Dhaka Chamber of Commerce and Industries
DFID	Development for International Development
EPB	Export Promotion Bureau
GoB	Government of Bangladesh
GTZ PPS-B	German Technical Assistance - Promotion of Private Sector - Component B
HRD	Human Resource Development
IBA	Institute of Business Administration
IGA	Income Generating Activities
IVS	International Volunteer Services
ITDG	Intermediate Technology Development Group
JOBS	Job Opportunities and Business Support
ME	Micro Enterprise
MFI	Micro Finance Institute
MGF	Matching Grant Fund
MIDAS	Micro Industries Development Assistance Services
MIS	Management Information System
NBC	New Business Creation
NETP	National Export Training Program
NGO	Non Government Organisation
PEP	Project Employment project
RDP	Rural Development Program
RDRS	Rangpur Dinajpur Rural Service
SAP	South Asia Partnership
SCITI,	Small and Cottage Industries Training Institute
SDC	Swiss Development Co-operation
SEDP	Small Enterprise Development Project
SEU	Small Enterprise Unit
SME	Small & Medium Enterprise
SMME	Small Medium & Micro Enterprise
USAID	United States Agency for International Development

# Bangladesh Enterprise Development Assessment Report

*A review of Training Support Services for Enterprise development in Bangladesh*

## 1. BACKGROUND AND CONTEXT OF TRAINING IN ME AND SME DEVELOPMENT

### 1.1. Background

Bangladesh has an extremely high population density and therefore, employment and income generation is a necessity to reduce poverty and manage economic growth. In last decade, several non-loans or non-financial ME and SME development initiatives have been launched by GoB and NGO sector though dominated by public interventions. Nationalised commercial Banks were operating financial services for small enterprises. But their performances were not satisfactory because of various reasons. Various public training Institutes like Youth Training centre under the ministry of youth and sports, BSCIC were implementing less relevant course for private sector enterprises, in most cases, with curriculum which were not updated for long time. Donor funded private project such as MIDAS credit intervention for developing small enterprises also ended with limited result. It was generally believed that the level of knowledge required for self-employment activities financed by micro-credit was also comparatively low. In order to address the issues, some major national and international NGOs like CARE, Caritas, (MAWTS) Proshikha, BRAC and RDRS were exploring different options in the area of non-financial ME Development. For Example, CARE- INCOME project received funding support from DFID was one of the visible interventions. This project targeted nearly 50 small NGOs operating micro-credit but unable to bring in required skills and Knowledge in developing business plan and appropriate monitoring system of their micro-credit programs. Through training, counselling and other technical assistance they contributed to the performance of these NGOs. IVS Bangladesh provided short-term training and technical assistance to many organisations through its Village Volunteer Programs. In 1990, IVS model was a breakthrough as it revitalised NGO- ME and other organisational development activities by transferring successful cases from one place to another while using the locally available cost effective specialist services of proven field level trainers and practitioners. IVS developed this approach in close association with their partner agencies and networks like ADAB, SAP Bangladesh, and CDS<sup>1</sup>. With the change of time and socio-economic condition, the entrepreneurs now recognise that upgrading of production, accounting, marketing, administrative and other skills is necessary to survive in a competitive market economy. Training programs are an investment in time, money and effort. So it is necessary to move cautiously to obtain best results from the training program.

[Categories and Characteristics of some selected SMEs and MEs Development projects, Including MFIs, which have training component are shown in Appendix 1 and 2]

### 1.2. Training impact

There might be several studies and documents on the impacts of training program implemented by different organisations but it is not clear whether any comparative analysis has been done or not. Therefore, a few available reports/studies will be referred to discuss the training impacts. In addition to that, some findings are described in the next chapters in analysing demand and supply patterns of the receivers and service providers.

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<sup>1</sup> IVS in Bangladesh, 1991

Mid-term review of Agrani Bank SEDP project found that 75% felt training received was sufficient. Those who wanted more training emphasised sector production skills, business management skills and marketing. On the other hand, half the borrowers would like to more direct advice from SEDP, with priority given to solving management problems<sup>2</sup>.

GTZ-PPS-B Program recently did a monitoring study on 103 CEFÉ training participants of its rural partner NGOs. The study shows that out of 103, 55% (57) of the participants started business and 80% of those who wanted to expand their business were able to expand within one year of after training<sup>3</sup>.

Output to purpose review<sup>4</sup> of ITDG Small Enterprise Unit (SEU) commissioned by DFID Dhaka found that SEU interventions in small enterprise development activities have led to NGOs delivering more services to the rural poor. Almost 1000 beneficiaries, most of them women have received training, and more than 500 started small enterprises of their own. The report to DFID observed that SEU project has achieved much in terms of impact on its partner NGOs.

BRAC has adopted a non-minimalist approach to enterprise development has focused on a small number of sectors notably poultry, livestock, irrigation, fisheries and agriculture, and established a separate sub unit Rural Enterprise Program to experiment “with innovative ideas, new technologies and business opportunities with a view to these being incorporated into RDP portfolio of credit worthy income and employment generating activities” (CDS p.22)<sup>5</sup>. Reviews of this program revealed that “BRAC has had some success in establishing micro-enterprise i.e. income and employment generating opportunities, with its client group (ED Evaluation synthesis p.21).

Evaluation of RDRS<sup>6</sup> in 1998 on customers’ satisfaction conducted survey of 150 beneficiaries and found that 46.3 percent received training and 80.9% of those were benefited. The survey also collected data on status of occupation before and after joining the group. The survey found that the number beneficiaries involved in trade increased from 13.7% to 32.2

A socio-economic study<sup>7</sup> of the Productive Employment Project (PEP) concentrated in Faridpur indicates that of the 213 training only 17% were relevant to the nature of the IGAs currently undertaken and therefore, a considerable amount of skill training were not utilised by the members (p.2-17). On the other hand, other members were operating IGAs for which no training was received even though relevant training was available (p. 2-17).

The synthesis of evaluation/studies and review mentioned above indicates that most of the training initiatives were meant for the rural clients which produced mixed result.

The consultant found that emphasis on human resource development through training in rural area is reasonable as agriculture employ 64% of the labour force (1991 Labour Force Survey) and will continue to be a major source of employment. But as an employer, its capacity to absorb incremental labour force will definitely decline as it gains productivity and raises rural income. On the other hand, recent trends show that most urban jobs (approximately two thirds) now come

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<sup>2</sup> Agrani Bank Small Enterprise Development Project Mid-term review final report, July 2001.

<sup>3</sup> Report on Monitoring study of the CFE participants in different partner organisations, January 2001.

<sup>4</sup> Mark Havers and Mirza Najmul Huda conducted SEU output purpose review in 1999.

<sup>5</sup> Enterprise Development Evaluation synthesis, DFID Evaluation Department, EV618, December 1998.

<sup>6</sup> Evaluation of RDRS: Customers’ satisfaction was conducted by M Sekendar Hayat Khan, Ph.D., M.A Matin, Ph.D., Tauhida Nasrin and APM Saifur Rahman in 1998.

<sup>7</sup> The productive Employment Project (RD-5), The Impact of loans and comparative data on family profiles, a socio economic survey by SARA Gray and Md. Shamsuzzaman, July 1997

from manufacturing (20%), 17% from trade, hotel and restaurant activities – largely informal activities and, surprisingly, 27% from semi-urban agriculture, forestry and fisheries<sup>8</sup>. This statistics and recent trends suggest that in future, enterprise development initiatives should give more emphasis on semi-urban areas to grow further for their many competitive advantages.

## **2. DEMAND FOR TRAINING**

### **2.1. SMEs**

#### **2.1.1. The Context**

In Bangladesh, due to weak growth of formal employment, SME sector absorbs a large number of unskilled and low-skilled workers. But regulatory environment and various bureaucratic bottlenecks affect this sector in many ways. In order to face various official requirements, SMEs use the services of traditional BDS provider like, Bank, Income tax lawyers and Audit firms. They seldom demand the training services of public and NGO institutions. A recent market survey shows that there is a very large market for BDS. About US \$ 11 million was the estimated volume of money spent last year on the selected BDS services<sup>9</sup>. The traditional BDS provided by NGOs and other established service providers like training/counselling etc. are least purchased BDS and the high demand is non traditional BDS<sup>10</sup>.

Nevertheless, SCITI, BIM, DCCI, MIDAS and BASC, who are the major provider of business development training, mentioned that both start-ups and existing businesses use the services of these institutions. Their clients look for training such as sub-sector studies, Export and Import Business and quality control (offered by DCCI) and Business Planning and management (MIDAS), Marketing techniques (BIM). These institutions mentioned that educated business people are showing interest to their various training products although they could not provide detailed information of their client entrepreneurs. Some of the training clients of these institutions reported that they looked for this kind of assistance to understand the business and services offered by their consultants. Some SMEs also mentioned that training courses offered by public and NGO training institutes/ organisations do not meet their requirement as they were not consulted in designing and development phases. Usually, a SME receive training from another SME that supplied machine tools or gave the business idea and became a mentor. The SMEs prefer on the job training as it gives the owners a chance to follow up the process.

With regards to payment most of the SMEs view that they are ready to pay higher prices for quality training that meet their requirement exactly. On the other hand, training organisations opined that SMEs were unaware about the benefit of training offered by them. Many of the SMEs are conservative and do not like outsider's involvement, as they fear that it would compromise their confidential business information. It is also evident that many SMEs lack staff/ workers to attend training. Despite this fact, all the training institutes reported that the demand for their services has increased over the years. Besides, it has been observed that small business do buy popular practical courses taught by practitioners as they commit to provide follow up services of their training and they are easily accessible.

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<sup>8</sup> Bangladesh 2020, A Long-run Perspective Study, The World Bank and Bangladesh Centre for Advance Studies, published by University Press Limited in 1998.

<sup>9</sup> Business Development Services Program (BDSP) – Bangladesh ( 01-04-2000 to 31.03.2003), Swisscontact

<sup>10</sup> Business Development Services Program (BDSP) – Bangladesh ( 01-04-2000 to 31.03.2003), Swisscontact



If assessment is made from statistical/ industrial structure perspective, it can be said that the hidden demand of non-traditional training (even the training of traditional provider) services could be very high which has not been explored yet. For example, there are 56, 000 small firms, over 0.51 million cottage industries and a large number of handloom enterprises along with numerous micro-enterprises (Sarder, 2001).

### **2.1.2. Status of Training support Receiver: *Organisation and Individuals***

The analysis is given based on the findings during field survey within limited time and resources. Therefore, few examples are given on the least number of service receivers that maybe referred as an "iceberg" of the total situation. (See Appendix-3 for details)

#### PROBORTANA, Dhaka

PROBORTANA is a private enterprise emphasizing improvement of women entrepreneurs in weaving spinning. As concentrated in Dhaka City area, the PROBORTANA has scope to identify the sources of services in the form of various categories e.g. training, export assistance, product development etc. This implies that the services that PROBORTANA has been receiving are mostly under demand driven approach. Also, type of trades that it deals with has created them to be more demand driven in purchasing the support services.

It obtained training services from EKOTA FORUM and World Craft Council, and export assistance from DCCI-BAS.

PROBORTANA has capacity to employ over 500 skilled and unskilled women labors. This has a significant impact in increasing women entrepreneurship in the country context. Hence, Business Development Services should reach to this kind of organization to enhance women empowerment through employment generation and entrepreneurship development that has a major lack in Bangladesh.

#### RFL, Rangpur

Rangpur Foundry Limited (RFL) is a private owned enterprise started with a small scale industrial initiative to produce tube well and spare parts, pipes etc. and currently gets a larger shape selling its products at 160 million per year employing 840 workers. RFL has found to be demand driven to obtain training services from even overseas institutions. Among four training support services, it has received two services from BITAC and IEB while the rest two from West Bengal and Taiwan.

According to opinion of RFL management it has been learned that it relies more on overseas training than that of in-country since the quality of training is not up to the mark over here.

From the opinion of RFL, it can be concluded that Business development services in Bangladesh should include this kind of technical skills training in their course curriculum.

#### Global Information Network, Chittagong

Global Information Network, Chittagong is a local Internet Server Agency. They need training services especially on Information Technology and Satellite installation. It has been receiving training services from Singapore and India, as there is no such training available in Bangladesh.

Therefore, Business Development should keep attention in improving capacity of IT Training providers in Bangladesh.

### **2.1.3. Status of Organisations / Entrepreneurs who did never receive training**

#### Fair Packaging Limited, Cittagong

Fair Packaging limited received a plot on lease from BSCIC Industrial area and set its production unit in the semi-urban area outside Chittagong City. Other than this service it has not yet received any non-financial support services from any service sector. When contacted, the management of the industry opined that they need training support for their work force, product development and on quality control. But they are not aware on the available business support services and the sources from where they could purchase services. It is important to consider such issue by the BDSs to give attention to this type of enterprise and thus ensure support services on 'cost recovery' basis, which is the ultimate goal of a BDS.

#### R. K Fan, Rangpur

R. K. Fan is an electric fan manufacturing industry owned by a private entrepreneur in Rangpur. From its inception in 1985, it did not receive any non-financial support service from any source, either from Government or from any private sector. The management of R. K. Fan expressed their dissatisfaction of ignoring them by the Government and Non-government institutions to provide business support services to them. They also opined that they could do better in product development and so might employ more workers of this area through which they could contribute the national economy in the local level in a more positive way. As it is located so far from the capital city of Dhaka, so they are keeping aside by the industrial promotion sectors, they expressed their feelings in this way.

There is a need to do a thorough study on this kind of local level small industry before setting BDS cell in the country.

## **2.2. MEs**

The Micro Enterprise Development Projects work directly with NGOs to create micro entrepreneurs and assist existing Micro Enterprise to expand their businesses. The emphasis is on creating wage-based employment through increasing productivity and creating sustainable job opportunities for households, most living below the poverty line.

### **2.2.1. Status of Training Support Receiver: Organisations (NGOs)**

All training support receivers NGOs are running particularly micro-enterprises. Training and other non-financial support services are providing to the end-users through 'grant' money from donors. In this chapter status of four NGOs covered during field visits is described. Out of four, two NGOs are supported by JOBS and one by GTZ-PPS-B in running training programs.

#### RDRS, Rangpur

Rangpur Dinajpur Rural Service (RDRS) has been engaged in rural development activities since after the independence of Bangladesh. Under its integrated programs, training is one of the most vital parts to build the capacities of its beneficiaries and staff members. It has a central training and material development cell in Rangpur, supported by other 10 sub centres (training). Recently established "North Bengal Institute (NBI)" in Rangpur under the management of RDRS is well

equipped with all modern training and accommodation facilities which has already been attracted by the national and international parties to conduct training programs in an organised way.

Under the RDRS's training units both human resource and skills development-training courses are developed and conducted by the experienced trainers of RDRS. Among these, Entrepreneurship Development Course is a most popular program and has been recognised by the beneficiaries as well as by the staffs. RDRS is one of the Partner Organizations (POs) of GTZ-PPS-B who follows the "CEFE" training model to develop enterprises both in the rural and urban areas. This model includes the CEFE- NBC (New Business Creation) and BIC (Business Improvement Course). Besides these, GTZ-PPS-B organises capacity building courses for the staff like organisational change management, financial management, counselling. However, these are all treated as 'supply-driven'. Nevertheless, RDRS accepted these support services gladly and all costs for these services are borne by GTZ-PPS-B. Regarding the coverage of the clients, both literate and non-literate women and men got training on CEFE-NBC and BIC courses. A total of 300 entrepreneurs (mostly group members of RDRS) have been covered under this program. But, to be mentioned here that, the entrepreneurs are so poor and the capital investment in the respective enterprise is so low (even tk 1,000 in some cases), that it can create a very minimum output. A big number (45%) of the training participants even not yet started any potential business. The reasons behind it are i. the entrepreneurs could not manage sufficient money to start a business, ii. follow-up services from RDRS and GTZ-PPS-B could not be regularised, and iii. the approach of training support service was not 'demand-driven'; rather it was supply-driven from top to bottom. Both RDRS and GTZ-PPS-B should think and develop strategy to make this Program 'saleable' to the clients not only to the group members, but also to other private entrepreneurs. GTZ-PPS-B has designed a policy to establish Business Development Centre (BDC) under each of its Partner Organisations. RDRS is also on the way to establish such BDC in near future.

#### GUK, Gaibandha, Rangpur

Gono Unnoyon Kendra is local level NGO based in Gaibandha under greater Rangpur. It has been implementing integrated development activities since its inception in late eighty's. Development training is an important part to develop organisational capacity and as well as the capacity of the beneficiaries. GUK became a Program Recipient Organisation of JOBS in 1999 to build its capacity in developing enterprises among the group members. Through JOBS support GUK developed 6 in house trainers. The GUK authority opined that as JOBS started its program with paying salary to the trainers (EDW- Enterprise Development Worker) in the first year and withdrew such support in the second year, so there had been a negative impact on the program. According to the GUK staff's calculation, some 20 - 25 % trained entrepreneurs dropped out in this mean time and the respective staffs feel 'reluctant' to promote enterprises. However, the concerned personnel of GUK permitted that the program of JOBS is very useful for them but what they feel is to combine training program with financial support otherwise there would be possibility of increasing dropout rate of the potential entrepreneurs. Regarding the recovery of cost of training, GUK feels that it should be provided with free of cost to the NGOs.

#### GHASHFUL, Chittagong

GHASHFUL, a Bengali word means 'grass flower', is a local level development organisation, which started its development activity during early seventy's with Mother and Child Health (MCH) and family planning program and gradually it came into wide field of development with other social and economic development activities. Under its micro finance program group members are involved with different types of small businesses / enterprises.

GHASHFUL came in contact with JOBS in the year 2000 and received training support services. JOBS developed six Enterprise Development Trainers in GHASHFUL and these trainers provided training to 300 entrepreneurs. There is a 'Forum' comprising of 30 members from among these trained entrepreneurs named by "GHASHFUL Entrepreneurship Development Program (GEDP). The objective of such forum is to promote markets for the entrepreneurs. But it has been observed that the forum members are not clear on their role and responsibility and as a result it remains idle. When discussed, GHASHFUL personnel expressed that the intervention of JOBS in promoting micro enterprises is a good step to extend support services for the micro-enterprises. At the same time they also opined that after completion of a training course participants' expectation becomes high and they demand more financial support (large scale loan), which GHASHFUL can not meet within its own capacity. As like as GUK, it also raised the issue of integrating non-financial service with financial service.

Recently a forum named EDFC (Enterprise Development Forum, Chittagong) has been formed with 39 NGOs and other 4 - 5 private entrepreneurs working in Chittagong area. The major objective of this forum is to create market to sell training support services to the entrepreneurs under these member organisations. But a feedback noticed by the study team that many of the recipient organisations are not willing to purchase such service at this moment and they opined that it was too early to form such forum without involving the member organisations in designing and planning of the program. They also treated it as a 'supply-driven' approach. Same the case with the forum 'GEDP' in GHASHFUL.

#### YPSA, Chittagong

Young Power in Social Action (YPSA) is a social development organisation, which was born in 1985 in Sitakundu under greater Chittagong. YPSA's strategy is to form groups at grassroot level and to give them motivation and initiative to participate in their own development.

YPSA linked up with JOBS program in 2000 and, within this time it developed 8 Entrepreneurship Development Trainers of itself through JOBS training to promote enterprises in its project areas. All costs of this training were born by JOBS. Training modules of JOBS were developed by the resource organisations selected by JOBS. As per opinion of YPSA authority, the training modules need to fit with the organisational objective of the recipient organisations. YPSA formed entrepreneurs' association for market promotion. It needs a proper guideline to institutionalize the association. Objectives and goals are yet not clear to the program implementers. JOBS and YPSA should work on it and could develop a working strategy and methodology should be prepared in that manner.

#### **2.2.2. Micro-finance institutions**

*Do micro finance institutions require that part of the loan proceed pay for training?*

Before answering this questions it is worthy to refer earlier research done by Lara Goldmark of Inter - American Development Bank. The research conducted a survey of 182 business development services providers operating in the Latin America and Caribbean Region and found that business development services offered in conjunction with credit often faced low demand, while stand-alone services were more likely to enjoy greater popularity among entrepreneurs (Goldmark et al.)<sup>11</sup>. The research report mentioned several reasons for this. One of the important reasons was that credit programs frequently offered sector wide, management-oriented training or

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<sup>11</sup> The financial viability of business development services, Small Enterprise Development Volume 10 No 2, June 1999

technical assistance, which was out of tune with entrepreneurs' needs. The content of these services is tailored to the needs of the credit program, i.e., to encourage entrepreneurs to improve accounting records or credit management<sup>12</sup>.

The consultant had discussions with several micro-finance institutes including ASA. All of them reacted negatively for separate reasons. They argue that providing credit along with BD training is not their priority for several reasons. ASA mentioned that it wants to concentrate on services they do better. Others raised the issue profitability and productivity of their services. It seems to be that a portion of the loan fund used for training is not a viable option for both borrower and micro-finance institutions, rather it should be the domain of traditional private and NGO training service providers.

Nevertheless, it has also been found that successful MFIs place particular importance on the continuing training of their staffs, and allocate increasingly large proportions of their operating budgets for staff capability building. However, in terms of what has been implemented, the consultant finds that there is wide scope for increasing the emphasis on staff training.

### **2.3. Critical Analysis of Major Findings: Demand Side**

Some critical issues have been identified during this enterprise development assessment study which should get much attention by the BDS for improving entrepreneurship both in SME and ME. The analysis is appended below:

#### **a. Assessment of Training Needs**

Most of the training providers do not care of this important exercise of training program that is necessary to conduct before designing any training course. It has been found that except few NGOs, all the service providers develop their training courses based on their perceptions. They do insufficient informal needs assessment to design those courses that have a feeble reflection on the practical and crucial needs of the clients. As such, the service providers cannot create any demand of their existing courses among the service receivers from both MEs and SMEs.

Service providers should conduct a Formal need assessment before designing the training courses for the service receivers regardless of where they are located meaning a focus to rural, semi-urban and urban areas. The formal need assessment requires thorough involvement of the training recipients that has to be ensured by the BDS providers.

#### **b. Making Training Courses available according to needs**

Apart from the needs assessment, it has been found that many entrepreneurs do not have the access to the existing training courses that are being delivered by the service providers as most of the training courses are urban/Dhaka based while most of the entrepreneurs of SME are located in semi-urban and rural areas. Another reason that affects both MEs and SMEs is that the existing training courses are package based which doesn't cover their needs (mentioned in the section "a") as such they are not interested in.

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<sup>12</sup> The financial viability of business development services, Small Enterprise Development Volume 10 No 2, June 1999

Therefore, BDS providers should develop their training courses based on process approach as opposed to package approach and their services should bring forward to the clients' doorsteps.

#### c. Strengthening Follow-up and Monitoring

It has been observed that many training service providers have no provision of regular follow up and monitoring to assess the effectiveness of the training at the recipient level. This has been totally absent in the case of SMEs. However, some NGOs are doing monitoring activities that incorporated with the monitoring package for reviewing other social activities while this does not get priority for assessing quality of entrepreneurship.

There is a significant need to introduce a simple and workable system for strengthening follow-up and monitoring for on going assessment of effectiveness of training courses in entrepreneurship development.

#### d. System introduced to measure Usefulness of Training Courses

Currently there is no system and/or tools to measure the usefulness or impact of the training courses that are being delivered by the service provider institutions especially in the case of SMEs. In case of MEs, some NGOs have provision to keep some progress data in quantitative form that does not even reflect the impact of training courses. Micro-entrepreneurs under the private sector do not practice this at all as they have very less scope to participate in training courses and those fewer courses didn't get priority for them due to supply driven approach.

It has been found that some service providers (e.g. JOBS) keep database of each entrepreneur who has participated in their training courses. The information that they keep can not be recognised as fully authentic to measure the usefulness of the training courses correctly though it is a good start. As for an example, JOBS has a provision to send formats to the recipient organisations to fill them up and forward to JOBS. The formats those are sent to the recipient organisations that developed based on the database owned by JOBS and the recipient organisations neither have any capacity to critically comprehend the information that are sought by JOBS nor they "own" the database rather they perceive this exercise as a burdensome. As consequence, the validity of that database is in a question. Moreover, JOBS does not introduce any method to validate the information instead they just give entry of the information received from the organisations into their database and produce the reports.

BDS providers, donors and service receivers can jointly review the requirement of usable systems to measure the usefulness/impact of the training courses with a view to introducing a simple database that can generate information on the training impact. This initiative can attract the training receivers to own the database and use to measure the quality and progress of their business activities by themselves. One interesting observation that some training receivers opined to purchase such kind of database for their own use, if it is developed as per their needs.

#### e. Evaluation

There is a significant scope to improve the evaluation process and tools that can help the entrepreneurs to make value judgement and decision making after utilising the skills and technology that they have gained from any training course. Major lacking in evaluation practice that the organisations are currently doing has not any provision to conduct baseline survey before receiving any training course nor they can compare the improvement after receiving the training.

A participatory evaluation system that incorporates baseline information and milestones of improvement after each training course, an on going monitoring system fitting with milestones, and an evaluation goal based on the ultimate results of the training courses to be compared with the baseline status. This is a priority task for assessing the training impact in more qualitative manner that brings a change in entrepreneurship development initiatives to be focussed into a demand driven approach.

### **3. SUPPLY OF TRAINING**

#### **3.1. Status of Training Service Providers**

Training services on enterprise development are being provided by various entities in Bangladesh. These service providers are under the following categories:

- Associations
- Government, Public Sectors and Higher level Institutions
- Private Limited Company and Private "not-for-profit" Organizations
- Micro-finance lender
- Projects directly assisted by donors

##### **3.1.1. Associations**

###### **1. DCCI- BDI**

Dhaka Chamber of Commerce and Industries (DCCI) was created in early 1958 for retaining the business interests among the business community in particularly Dhaka City surrounding area. Gaining years' of experiences of pursuing capacity building objectives the DCCI is now fully equipped to offer upgraded business development courses.

This apex business association with technical assistance of GTZ has been implementing a project called Business Advisory Services (BAS) to promote SMEs by providing business information through operating technical inquiry services and publishing various guides and studies, consultancy services for selected companies; and conducting training for developing human resources. Consequently the training department evolved into a major HRD institution under the banner DCCI Business Institute (DBI).

From 1996 up to 1999 almost 100 training activities with more than 2000 participants have been organised. This organisation has planned a new phase with new approaches to set up a pool of local consultants & Trainers and improve their services through qualifications.

The courses are mostly supply driven with the exception of charging training fees to the SME clients while a provision of given approximately 30% reduction on fees to the DCCI member organizations. This indicates that the business organizations are getting benefits from the training courses and as consequence the former training department upgraded as a national business institute with banner of separate entity. Nonetheless, DBI runs within a bureaucratic management system that prevents its potential staff members to be empowered. (See Appendix -3 in details).

###### **2. EKOTA FORUM**

EKOTA FORUM started in early 90's as an NGO with a view to providing business development support mainly to the MEs and SMEs from NGO Sector. Besides that, their services have also been extended to the Private sector entrepreneurs.

Their support services mostly cover the Weaving and Knitting, Textile Printing and Dying, and Handicraft items.

EKOTA FORUM is extremely grants dependent to run its operations which preventing them to be salable in the Business Service Market. However, quality of their services is well appreciated by the service receivers especially in quality control training and facilitation in trade fare. A limitation that noticed by the study team is lack of widening their services out from the NGO sector. EKOTA FORUM could play a greater role in the business development, if they could market their programs in a widespread business community in a more professional manner.

### 3. Bangladesh Garment Manufacturers' Export Association (BGMEA)

BGMEA is one of the industrial associations, which has a large membership based business support activities. In recent time, production in garment industry has increased by 33% though world trade centre tragedy has changed the context. In order to serve the diversified training needs of its members specially being the area of fashion designs, it has established a fashion design institute in Dhaka. Quality of its services is well appreciated by the service receivers especially exporters. The members are also very happy with it for its service in facilitating trade fares. A limitation that has been noticed, is lack of widening their services out from the large to medium and small sectors. At present mostly the large entrepreneurs are involved with the association and so the role of medium and small members remain aside. It has a great scope to build the capacity of the management personnel under SMEs through HRD training. It is needed to review and study the preset training programs by a team of experts within BGMEA, seeking assistance from outside specialist in this field and thus it could extend its services to the SMEs more appropriately, and as per needs.

#### **3.1.2. Government, Public Sectors and Higher Level Institutions**

##### 1. BIM

Bangladesh Institute of Management (BIM, former BMDC) is an autonomous organization under the Ministry of Industries, basically providing academic courses to improve the productivity through the process of Human Resources Development. The program delivery is too much teaching oriented and does not have any opportunity to gain hands-on-experience of the learning during the courses. As such, the courses attract to the individuals who are satisfied with the certificates of business management knowledge as opposed to gaining any practical skills of Business Development. This kind of service contributes less in improving MEs and SMEs.

##### 2. EPB

The Export Promotion Bureau (EPB) was established under the Government Sector for improving Private Sector through specially extending export support services in addition to other business support services that include product development, information sharing, trade fair and display.

Under the EPB, training services provided by the planning division. The division primarily implements the National Export Training Program (NETP) for developing skills and upgrading knowledge of the exporting agencies concerned with export activities. However, it has been found that the opportunities are given mainly to Dhaka based larger exporters who have a broader linkage with export activities.

##### 3. SCITI

This Institute was established by Bangladesh Small and Cottage Industries Corporation (BSCIC) in 1985 which is claimed to be the only institute in the country to support the entrepreneurs of micro and small industries sector and their employees in the development of their entrepreneurial and managerial skills.



Small and Cottage Industries Training Institute (SCITI) has emerged from BSCIC with an intention to play a key role in the business development sector. Its main role is to promote small and cottage industries throughout the country regardless of extending support to urban or rural. The institute has a number of faculties like entrepreneurship development, general management, industrial management, financial management, marketing management and Research and consultancy faculties. Since its inception, SCITI has imparted training to over 18000 participants of which about 14000 are entrepreneurs. Women number over 3500 and the rest are extension officials, counsellors, bank personnel and research of SME and ME sector.

The services are extended for the potential entrepreneurs and their employees among the SMEs to improve productivity and marketing abilities. Their focus has recently expanded to the MEs introducing an innovative capacity building training method named Competency-based Economy through Formation of Enterprises (CEFE), a model of GTZ-PPS-B. All the training programs are subsidized by Government Revenue and offered to the participants group with a negligible training fees (Tk. only 25-500 for each course per person). SCITI has good infra-structural set up throughout the country with sufficient facilities. They can address to a wide range of population from rural, semi-urban and urban areas that are involved in business. SCITI has also a good reputation among the clients as an appropriate training provider from public sector. This can put them in a position to introduce more of a demand driven service provider, charging more fees even. However, a binding due to Government policy restricts them to be focussed as such a level.

#### 4. IBA

Institute of Business Administration (IBA) is a faculty under the University of Dhaka. IBA is offering the academic courses of Bachelors and Masters in Business Administration. These courses generally attract young students to develop their career in managing business in both public and private sectors. IBA does not create any opportunity for entrepreneurs to build capacity in their business fields.

#### 5. BUET

Apart from its traditional engineering education, Bangladesh University of Engineering and Technology (BUET) offers courses on Computer science and Engineering, and Materials & Metallurgical Engineering for the young students. These two courses bring the new generation into a diverse technological field suited for 21<sup>st</sup> century. However, BUET does not create any opportunity for private entrepreneurs to build capacity in their respective fields where new technology can play a vital role.

#### 6. Agrani Bank SEDP project

Small Enterprise Development Project (SEDP) was initiated in 1990 as a pilot with two credit lines managed by Uttara Bank. In 1996, the re-designed main phase was initiated, implemented by Agrani Bank and with the Ministry of Finance as lead agency in 40 thanas of greater Mymensingh and Faridpur Districts<sup>13</sup>. The main objective of the project was to provide training and credit to increase the number of small-scale enterprises.

### **3.1.3. Private: Limited Company, Private 'Not For Profit' Organisations and NGOs**

#### 1. BASC

Business Advisory Services Center (BASC) formed jointly by USAID, Industrial Promotion Project (IPP) and GoB for developing business sector and it became an independent project in

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<sup>13</sup> Small Enterprise Development Project: Mid-term Review—February 2001.

1993 incubated from MIDAS. The training courses are offered mainly to SMEs and are based on Agro-business, Fisheries and Livestock sub-sector. BASC training courses are found to be mostly demand driven as the courses are delivered based on identified needs of the clients. It covers direct costs of the training charging training fees to its clients, which is not sufficient to cover other indirect cost. As such, BASC has been facing a challenge to become a self-financed support service institution when donor withdraws its complete support effective from January 2002. BASC could overcome this challenge, if it would introduce cost-effective and cost recovery management systems in delivering its support services including training programs quite earlier.

## 2. MIDAS

Micro Industries Development Assistance and Services (MIDAS) is a "Trustee Type" organization with Company Limited by Guarantee ("not-for-profit"). It has specialization in promoting Micro and Small Entrepreneurs through training, information sharing, consulting and financing. MIDAS offers training courses on technical, financial and marketing management. It has also extended its support to non-literate women and men entrepreneurs delivering training course on Entrepreneurship Development. MIDAS also has been following the CEFÉ Model in developing capacities of entrepreneurs and the employees of NGOs and Private sector organizations. It covers training direct cost (direct cash expenses) up to 103% even. Still it can not cover other huge indirect cost through current range of training fees. However, MIDAS has a scope to cover its financial expenditure through earning service charges from its financial assisted programs (loan program: MFL- Midas Financing Limited). It is also to be mentioned here that some loans with larger amount lent to the private entrepreneurs have not yet recovered fully. This can be a lessons learned by MIDAS that they should be more careful in feasibility study and building capacity of small scale entrepreneurs for proper utilization of training skills and managing money in productive purposes. It should also check its service approach making more of demand driven.

On the other hand, MIDAS also could be an example of using multi-focal approach in support service from its training, consultancy, information sharing and financial support service ends which would complement to each other to becoming a self-financed institution in future.

## 3. Training, Research and Information Network (TRIN)

TRIN has been conducts training for executive of NGOs, unemployed agricultural graduates, retrenched BADC mechanics and private entrepreneurs. It has also conducted women entrepreneurship development courses for 1171 women entrepreneurs in different locations of the country.

### **3.1.4. Micro finance lenders**

#### 1. BRAC Rural Development Program REP approach

This is the cornerstone of BRAC's operations. Under this, BRAC helps millions of rural women entrepreneurs by providing credit, low intermediate technology and training. BRAC was pursuing a credit plus approach with the realisation that minimalist approach to credit can be cost-effective but it can not ensure sustainable business and livelihoods options of the entrepreneurs. In 1985, it introduced Rural Enterprise Project (REP). The REP approach to enterprise development follows a training-pattern of idea generation, feasibility study, and project selection project plan

development. The project was disseminated in brickmaking, rice milling, shrimp culture, yarn cloth dying, yarn twisting, mushroom culture and horticulture<sup>14</sup>.

## 2. ASA

ASA is one of the largest micro finance organisations in the country operating with more than 0.5 million borrowers spread over 1000 branches all over the country. ASA has demonstrated that it is sustainable at the local program level as well the organisation level, meaning complete termination of foreign assistance would not affect current services provided to the poor. Apart from its main micro-credit product, ASA introduced small entrepreneurs' development program presently known as Small Business program, which includes 'Entrepreneurship Development Training' program. Currently, it has been expanded to 65,215 village-market based entrepreneurs involved in various businesses like furniture making, drug store, vegetables and grocery shop. Total outstanding of credit under this program up September 2001 was BDT 480 million and cumulative recovery rate is 99.91 (source: ASA MIS data, September 2001). The program is very popular among the market –based entrepreneurs because of its simplicity.

### **3.1.5. Projects: Assisted by Donors**

#### 1. JOBS

One of the major objectives of JOBS program is employment generation by organising different effective training programs, in co-operation with NGOs, Individual entrepreneurs and Private Business Associations. JOBS' mandate is to create more employment opportunities in the micro, small and medium enterprises in a planned way. Successful implementation of different training programs is one of the vehicles to achieve the above object.

The training programs have been designed and course - curriculum developed in such a way that along with motivational factors these provided the trainees with all the skills necessary to successfully run their businesses.

Class room Lectures, group discussion, field visits, etc. Training within the industry also considered for skill development.

Each training course designed for 5 to 7 days' duration. In exceptional cases it was increased to 10 days. Regarding timing, afternoon sessions are acceptable to all.

At the end of each training program, the participants were given the opportunity to evaluate the effectiveness of the course content and training methodology and also of the resource persons.

The future courses would have to be modified in the light of the participants' opinions.

Currently there is no cost recovery practice. The clients may contribute their share if they find the training to be beneficial to them and if it produces direct results. However, they are not willing to share that cost of promotional training, like health safety, cleanliness etc.

In order to assess the training needs of Small and Medium Enterprise (SMEs), it may mentioned here that, so far, no association has made any formal assessment of the training needs of their members.

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<sup>14</sup> 1972-1992 brac at 20

There is a provision to make follow up and on going monitoring. However, it has been found that the follow up is being done inadequately and monitoring is done only for disseminating the quantitative information. The success of any training program based on proper follow-up and on going monitoring on qualitative aspects. Regarding follow-up activities, a strong monitoring and documentation cell is essential.

## 2. GTZ/PPS-B

Under the German Technical Assistance (GTZ) Project, Promotion of Private Sector - Component B (PPS-B) a participatory training model named CEFE has been introduced to promote the Micro-enterprises development through NGOs and public sector. Ten partner organizations are using this model in their training programs especially making the training an experiential approach that producing a tremendous result in transforming micro-enterprises skills among the participating groups.

Under the CEFE there are two distinct modules, New Business Creation (NBC) and BIC (Business Improvement Course) appropriately designed for illiterate and literate groups covering wide range of purposes in business development.

CEFE follows a sequential flow to transfer the business development skills first developing groups of trainers within the partner organizations and then in turn extending the learning to the clients' level.

In order to enhance capacity building and successful implementation of CEFE Model, GTZ-PPS-B provides training on Organizational Development to its partner organizations.

It has been learned that GTZ-PPS-B the pioneer service provider to assist the partner organizations in introducing Business Development Center (BDC) with a view to sell the business development services among the greater population in both urban and rural areas.

However, CEFE targets the NGOs who have their clients generally from the poor segment of the communities. This prevents the impact of CEFE in developing real micro-entrepreneurs as the current service receivers have constraints in investing sufficient capital in their business activities. As such, CEFE should be exposed among the clients who have interests and ability to take risks in investing capital in their business programs.

## 3. MGF

Matching Grants Fund (MGF) is a project founded by World Bank Credit/IDA and GoB. The objective of MGF is to influence the exporters to purchase business services from the training and consulting institutions recommended by MGF with the 50% matching grants of the total cost.

Efforts that MGF gives at the initial stage of convincing any business enterprise is to conduct a need analysis jointly with it and identify the demand driven priority services and then recommend for an appropriate institution(s) to purchase the appropriate services in the form of either training and/or consultancy. These services include skills training, product development, export management, resources and raw material acquisition and MIS.

However, support services from MGF is generally rendering to the big and medium level enterprises.

#### 4. ITDG -Bangladesh

Intermediate Technology Development Group (ITDG) Bangladesh, through its Small Enterprise, Food Production, Agro Processing and Manufacturing Programs work for developing a cost-effective training methodology to build capacity of small rural NGOs. ITDG –Bangladesh program has involved nearly 100 NGOs in different parts of the country and provided training, technology and business information services to strengthen the staff capacity to provide market oriented skills to their poor beneficiaries.

#### 5. Business Development Service Program (BDSP)- Bangladesh:

SDC has recently assigned Swiss contact to try its successful business development experiences in Bangladesh with an intention to facilitate and enhance competition of small enterprises through a well-developed BDS market. During the first phase of the project, the program will be implemented in a few selected locations such as Khulna Jessore, Sylhet and Comilla. BDSP will provide venture capital up to \$ 5000 (80% of the total cost) initially on certain conditions to private enterprises /NGOs interested in developing and testing BDS products to marketable profitably. A number of private enterprises already have received BDSP support against approved business plans.

Most of the organisations described under public, private and NGOs section have been operating a mix of training product to become financially sustainable/profitable. Some organisation like DCCI, MIDAS, BASC, TRIIN, CEFE partners of GTZ mentioned that they were bale to recover cost substantially but still need to work hard to become profitable as it been observed that training come latter in the priority list of almost all the SMEs and MEs.

Activities of international organisations/projects gives an impression that they were able to generate innovative ideas and ways to design intervention in the area of ME and SME development which need to be expanded based on the accumulated experiences and good practices. However, limited impacts against total investment need to be addressed in future phase of these initiatives.

Over all, information collected from different organisation show a common scenario like many other developing countries where private sector suppliers encountered competition from government and donor funded program. For example, MDAS, BASC, and other commercial training service provider face competition form quasi-government institution like BSCIC/SCITTI, BIM and DCCI's BAS supported by GTZ. There are some other issues raised by the SMEs also need to be considered here. Previously it was mentioned that suppliers of training services lack quality control, relevant and updated knowledge to cater the needs (e.g. they provide class room based curriculum that do not address the needs of smaller SMEs) of their customer. Additionally, their course contents do not address the need of women entrepreneurs separately and as a result the effectiveness of their course for women entrepreneurs is yet to achieve. Another important example is the concentration of suppliers. Almost all of them are concentrated in urban area mainly in the Dhaka City. It is evident that there is a lack of services in rural Bangladesh.

#### 6. The Productive Employment Project (RD-5)

The Productive Employment Project (PEP) was started some 19 years ago in Kurigram and greater Faridpur and completed its 3<sup>rd</sup> phase in June 2001. This project, apart from credit operation, provided skill training and business planning and management support to alleviate

poverty amongst the target group members through ME development. More than 10,00,00 people were covered by this bi-lateral donor funded project.

### **3.2. Critical Analysis of Major Findings: Supply Side**

Some critical issues have been identified during this enterprise development assessment study which should get much attention by the BDS for improving entrepreneurship both in SME and ME. The analysis are appended below:

#### **a. Looking at Coverage of clients**

It has been observed that the most of the ME training are covered by the NGOs to their own organised groups who are running their business in the form of traditional enterprises and most of them are women. The NGOs cover their training services to the recipients mostly from rural and semi-urban areas. Small and Medium Entrepreneurs and a portion of Micro-entrepreneurs who are not covered by the NGOs get assistance from Public Sector like SCITI-BSCIC and from Private Sector like BASC and MIDAS. Business Associations and Chambers of Commerce are playing significant roles to train the SMEs for improvement their business activities that also includes the component of export and import.

There is a potential of integrating the training services that are currently being separately delivered by NGOs, Private and Public Sectors in order to complement in addressing the needs of the training receivers from both MEs and SMEs.

#### **b. Nature of Program (course)**

Appendix-1, 2 & 5 present the detailed information that reflects most of the trainings are supply driven. Major programs are in nature of skills training, organizational management, enterprise development, capacity strengthening, marketing management and financial management.

It is to be mentioned here that most of training programs are designed and developed by the service providers themselves and some of them have been imposed to the service receivers without doing any needs assessment.

The training programs that are currently delivered required a thorough review to make it more of demand driven and integration is possible among the service providers for both SME and ME training that would ensure a cost-effective approach in delivering the training and would be a buy in / customized.

#### **c. Methods used**

Methods used in the SME training are mostly based on lecture with a few exceptions for skills training on the trades. However, the ME training that delivered by the NGOs, Private and Public Sectors are based on participatory approach. As per the opinion of the recipients and service providers it has been noticed that CEFE is the most effective and popular training model for its extra-ordinary participatory approach in transferring the entrepreneurship skills. The CEFE has wide range of effectiveness to learn and retain the skills for both literate and illiterate participants in a practical way of testing the results of each learning component.

Learning from the CEFE, methodology of other training programs can be reviewed and make it more participatory and action oriented.

#### d. Approaches to marketing of training

NGOs have accessibility to promote market of their training through their organized groups with adequate grant money from donors. In the case of SME, the service providers market their training programs through mail shots, brochures, program flyers, newspaper advertisement, oral recommendations and personal contacts. They charge their service cost to the recipients not in a full.

There are many rooms to improve the market of the training programs with an increased return through integration of services that provided by various service providers. One of the potential ways to market the training program is to identify the most priority training courses that can be possible through formal need analysis involving the service recipients. Another way of improving the marketability of the training courses that can be possible by introducing an Entrepreneurship Development Forum representing from both service providers and service receivers with a view to control the quality of training courses in order to make them more result oriented.

#### e. Ranges of training fees

As per the study result the range of the training fees is from TK. 25/= to TK. 4,000/= in the case of in-country training courses. This long range exists due to several reasons. Govt. gives a high percentage of subsidies and they generally call this as a token fee considering capacity and interest of the recipients. Donors demonstrate their interest and use to allocate huge amount of grant money for developing entrepreneurship through training and a tradition that the training service always perceived by every level to be a support program rather than a sellable program.

However, some SME training which are demanded by the service receivers that has a direct impact on the productivity, sales and profits and are purchased by them even on a higher rates from in-country and overseas.

This requires a policy developed at national level to streamline the resources for entrepreneurship development that can be initiated by an Entrepreneurship Development Forum organized at the national level representing from Govt. Donors, NGOs, Private and Public Sectors, and representatives from other SME and ME development agencies.

[Comprehensive list of ME and SME training with cost variance shown in appendix - 4]

#### 4. CONCLUSION AND RECOMMENDATIONS

1. There are many public vocational/ enterprise-training institutions like youth development training centre and BSCIC which need to be reoriented to improve the quality of their training. In Bangladesh, public training institutes are managed by govt. employee who in most cases, lack clear understanding about the skill area relevant to the current or future need of the business community. Private sector entrepreneurs who are the major employers of the training graduates should therefore, be represented in the management of these public institutions. While assisting the public institutions, USAID can influence Government to make policy changes necessary to improve the situations.
2. Between, 1983-84 and 1999, rural non farm employment in rural and semi-urban areas has grown at 4.1 percent per annum, exceeding the 3.2 percent growth of aggregate employment during the same period<sup>15</sup>. New USAID ME/ SME BDS project should contain training concerns to improve productivity, income and employment in both farm and off-farm activities. Off-farm activities include poultry, livestock, agro-processing, food preservation and various other forms of agricultural, livestock, fisheries and forestry-based activities. Since these activities, are primarily located in the fringe areas, their expansion in absolute terms is likely to generate a new pattern of urbanisation with small towns, (primarily those under class C municipal classification<sup>16</sup>) growing relatively faster than the SMEs<sup>17</sup>

Service providers should conduct a Formal need assessment before designing the training courses for the service receivers regardless of where they are located meaning a focus to rural, semi-urban and urban areas. The formal need assessment requires thoroughly involvement of the training recipients that has to be ensured by the BDS providers.

3. Most of the training Institutions run by NGOs offer training on mainly traditional courses such as business planning, marketing and limited number of skill training like poultry rearing, fish cultivation, block printing etc., especially focused to MEs. This indicates that NGOs may not have sufficient knowledge on non-traditional BDS training to meet the diversified requirements of both SMEs, and MEs. If this seems to be the case, NGO should pay more attention to design and develop various non- traditional courses (e.g. course on searching inputs, product development) tailored to the needs of entrepreneurs.
4. The information presented in this report shows that a large number of both public and private BDS provider already in the market though they encounter various type of barrier and impediment which need to be address as soon as possible to become effective. USAID should consolidate the role played by these institutions/ organisations. The role of USAID should be

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<sup>15</sup> Workshop draft report, Rural Non-Farm Employment in Bangladesh, Sona Bharna and Parveen Kumar BIDS- World Bank Workshop on Stimulating Growth through Rural Non-Farm Activities in Bangladesh, Dhaka, July 1996

<sup>16</sup> Municipalities are classified by the Minstry of Local Government in terms of their revenue-earning capacity. Class A municipalities are classified those with revenue earning capacity in the range of Tk. 3-5 million, Class B in the range of Tk. 1-3 million and Class C with less than one million a year. According to this definition, there are 124 municipalities in the country as of May, 1996. Forty (40) are defined as class A, 31 as B, 51 as class C, and 2 are defined as special class. In addition, 4 cities are autonomous bodies and not have any strict revenue classification.

<sup>17</sup> Bangladesh Development Series: Bangladesh 2020 -- a Long-run Perspective Study, The World Bank and Bangladesh Centre for Advance Studies



more supporting market development efforts made by GoB, national and international NGOs and Business Associations.

5. In order to make business development service provision and institutions sustainable, subsidy element should be reflected in future donor funded BDS project, at least in developing capacity building and the implementing agencies involved in delivery of BDS should charge all full direct cost to the entrepreneurs.

It is further to be mentioned here that government gives a high percentage of subsidies and they generally call this as a token fee considering capacity and interest of the recipients. Donors demonstrate their interest and use to allocate huge amount of grant money for developing entrepreneurship through training and a tradition that the training service always perceived by every level to be a support program rather than a sellable program.

This requires a policy developed at national level to streamline the resources for entrepreneurship development that can be initiated by an Entrepreneurship Development Forum organized at the national level representing from Govt. Donors, NGOs, Private and Public Sectors, and representatives from other SME and ME development agencies.

6. USAID and other donor-funded projects should encourage women entrepreneurs by brining the issue of women's participation into their policy advocacy and other relevant components of intervention.
7. There should be a forum/association of commercial BDS providers to look into the issue of maintaining professionalism, quality, product diversification and market price of different BDS. Major activities of this forum could be the following:
  - ToT course on new skills and training methodologies
  - Group advertisement of training services (e.g. the FIT project on market based approach to bids)
  - Certification of training courses that meet agreed standards
  - Publication of directory of private sector business development training facilities (A sample format for the directory is attached as Appendix 5)
  - Facilitation of resource sharing

DCCI has planned to provide similar kind of support that can be further explored to see the possibility of trying this idea with them. It might have some incremental benefit compared with the challenge of mobilising resource to create a new structure. However, the capacity of DCCI to bear the load of new roles needs to be considered seriously.

8. The relative importance of SME and ME has been acknowledged by most of the BDS practitioners. The numerical figures cited in this report clearly show that that a large number of SMEs and ME are left on their own. In order to bring them in the BD training market USAID must work for establishing a balance between two by implementing its program interventions.

**Business Development Services**  
**Small and Medium Enterprises (SMEs)**

**A Report on Handicrafts and Textiles**

Prepared by:

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## **1.0 INTRODUCTION**

Few socio-economic phenomena have attracted more attention in recent decades than that of SME development (ILO, 1961; B Norton, 1971; World Bank, 1978; Birch, 1979; Gibe, 1993; Reynolds ET al., 2000; Nixon, 2001). The reasons, often cited for the focus on small enterprises, vary and mainly include recognition of their labour intensity, superior productivity, innovativeness, ability to ‘fill out’ the local economy, role in poverty alleviation and in providing efficient support structures for large firms (Liedholm and Mead, 1987; 1; Rosa, 1992; 7). However, whether some of these claims that have been made for the small enterprise sector are justified, or not, is a point of debate (Little, 1988; Scott, 1989).

### **1.1 SMALL AND MEDIUM ENTERPRISES (SMEs) OF BANGLADESH**

There are around 27,000 SMEs in Bangladesh, with an average of between 10 and 50 employees. There are probably several million more unregistered enterprises in the 1-9 employee category. It is estimated that more than half of these are owned and operated by women. Government estimates show that the SMEs contribute about half of the industrial sector’s total contribution of 11 percent of the value added to GDP. SMEs employ about 5 million people, or about 82 percent of the total non-agricultural labour force in the country ( DFID BDS Scoping Mission Report, Dhaka, 2001)

The recognition of the role of a viable SME sector in sustainable development has prompted the creation of many special programs and institutions, both public and private, for the promotion and development of small firms (Mann et al., 1989; Mahajan and Dither, 1990; Sarder, 2000). As a result, numerous support programs and institutions, most of which have been developed in the public sector during the last 30 years or more, exist and are a standard feature of development strategy in many Third World countries (Gibb and Manu, 1990:10; Timberg, 1992:42). These institutions offer various forms of support services, including training, management counselling etc., for existing and new small firms. Thus, billions of dollars have already been poured into the sector with the aim of ensuring the healthy growth of small enterprises.

In Bangladesh, like many other developing countries, SME plays an important role in the socio-economic development of the country. There are more than 27,000 SMEs in Bangladesh. Numerically, these enterprises typically comprise over 98 per cent of all industrial units are responsible for the creation of 4 out of 5 industrial employment, and account for around 33 percent of the industrial (manufacturing) contribution to gross domestic product (GOB, 2001). Viewing the employment potential, and its particular suitability for development, special emphasis was placed in government policies to produce rapid growth in this sector. As such, it was declared a ‘PRIORITY’ sector for development in the mid-eighties (GOB, 1986). This emphasis in policy has resulted in the creation of a wide range of support services for this sector. To channel those services, a large network of government agencies has been created and nurtured as a mainstream enterprise development agency during the last twenty years (Ahmed, 1985). In addition, some private agencies, both national and international, have also been found to be

involved in the promotion and development of small enterprises since the early eighties (Mannan, 1993; Sarder, 2000). As a consequence, there has now been a noticeable proliferation of support activities in Bangladesh.

There are many factors which contribute to the competitiveness of SMEs, including a market oriented financial system, a reliable legal and regulatory framework, effective infrastructure, good governance, and well functioning market for business support services.

Despite such substantial efforts, both at public and private sectors, the growth and development of the SME in Bangladesh appears to be very slow and unsatisfactory, constrained by various problems (Mannan, 1993; BUP, 1998; JOBS/USAID, 1998; Sarder, 2000). Among others, the problem of SME's access to institutional finance, and the policy constraint hindering the growth of this sector, appear to be receiving the most attention from several corners in recent years in Bangladesh.

## **2.0 HANDICRAFTS OF BANGLADESH**

### **2.1 Background**

The crafts of this nation have a historic long past. They have enjoyed fame and popularity throughout the world, especially the distinctive, decorative and colourfully designed exquisite products made both in the urban and rural areas by traditional families, as craft-making was initially a hereditary family trade, having a family title. In the past the daily life of the Bengali was inextricably mixed with the usage and production of handcrafted objects. They were made by the common man for everyday use alongside which specialized crafts involving expert craftsmanship developed for the elite. These were decorative items for local customers and sold as souvenirs to foreigners.

With the Liberation of Bangladesh in 1971 there was a resurgence of nationalism. This saw the revival and development of handicrafts, which gained the focus also as a means of economic development. After the devastation of the liberation war the economy of the country was in ruins. Handicrafts were found to be the easiest way to create supplementary income. Women could be involved in handicrafts between household chores without leaving the precincts of the home, an important consideration of in the conventional social system of Bangladesh. Little space, raw material and therefore a small investment is required for handicrafts production. Later handicrafts changed its status from decorative to utility items, earning promising export markets and increasing production and development of the sector. The Bangladesh Government and the Non-Government Organizations (NGOs) independently developed programs for the training of traditional and non-traditional crafts. The demand for handicrafts also had to be created by educating the buyer through promotional activity such as exhibitions, advertisements in public media, craft shows, trade fairs, seminars, workshops and even buyer-seller meets, etc.

## **2.2 Situation of Handicrafts in Bangladesh**

The producers employ simple country-made hand tools and equipment, which are often crude but extremely efficient. The raw material used range from grass, straw, reed, seeds, leaves, stalks, bamboo, cane, coir, jute, wood, clay, shell, brass, bell metal, copper, silver, gold, animal horn, ivory, leather, cotton yarn, silk, paper and even sheep's wool. The artistic contents often surplus utilitarian aims, so that the crafts from Bangladesh even those that relate to the every-day life of the people, are easily distinguished by their aesthetic appeal.

Handicraft enterprises foster development in both rural and urban areas. In places where they have been exported-oriented, they have been major sources of income and an effective area for the growth of modernization. (Abed, 95). The potential of the handicraft sector for contributing to the expansion of exports and therefore, to economic growth is immense, although it is yet to be fully exploited. What is required is more deliberate attention to, and awareness of, the export marketing issues involved and coordinated implementation of active support measures. (Bharadwaj, 1992).

## **2.3 Export Potentials for Handicrafts**

The Bangladesh Export Development Strategy 1992 – 2000 identified handicrafts as a category to receive special attention, including measures to promote handicraft exports, e.g. bonded import of materials and duty drawback on imports, packing credits, subsidy on local fabrics used for export, inclusion in the “Crash Program” of special measures of several handicraft products, technical development of jute processing and manufacture. Though Government policy supports the promotion of handicrafts, especially in the sector where 1.3 million people are employed in craft and cottage industries, it is, however, noticed that exports are a small percentage of the whole, partly because of inappropriate products and designs. During the seventies the handicrafts market had a strong revival. The slogan “small is beautiful” was “in” during the seventies even so the interest in other cultures termed as development co-operation. Due to the great demand for handicrafts, the quality of the product deteriorated and the people lost their interest in these articles, which were no more the traditional handicrafts known as “artecrafts”. In the eighties a large curtailment of the market took place due to decreasing growth of the economy. Handicrafts started losing international market due to lack of promotion and marketing strategies and stagnation of typical unchanging designs. Moreover, changes occurred in lifestyles, catered to suit only personal tastes and wants. This individualizing of the society and the inability of the producers in the developing countries to adapt themselves to this change of conduct brought about a very difficult time in the recent past for the handicraft producers and exporters.

With a better appreciation of the challenges, handicrafts encounter in export market development; more informed policies and appropriate strategies can be designed and implemented. While the attractiveness of export markets for crafts continues to improve actual export performance is obstructed by poor marketing orientation. Shifting

consumer, demands, the changing economic and regulatory environments in export markets, rapidly changing technologies and intensified competition – all call for an informed approach to export marketing. It is here that BDS Providers can contribute to enhance production for the international market.

In the past two decades or so, Bangladesh, like as many developing countries, placed heavy emphasis on strengthening production capacities in the industrial sector. While cottage industries also received some attention, they were generally not perceived to have substantial export potential. The output of these industries was generally conceived to be of low quality and attractive only to a highly localized segment of the domestic market and to tourists.

In Bangladesh, handicrafts do have great opportunities for capturing the export market and contributing towards its development through identification of problems could again restore the export market of handicrafts.

## **2.4 Development of Handicrafts through BDS**

Projects for handicrafts were started in various rural and urban areas through the BDS provided by the Government and NGOs and the Handicraft oriented associations. The organizations involved in craft development began with identifying the artisans who have inherent skills. After training in the craft, the groups were educated about the methods of marketing. They were given an understanding of the demands of the modern market, the standards of quality, the necessity of uniformity in their products. Designs are constantly being developed and products diversified to provide work for the increasing member of artisans.

Through the joint efforts of the Government and NGO sector a successful revival and popularization of various traditional craft skills- especially on jute, cane and bamboo, pottery, leather, Jamdani, (figured muslin), handloom and Nakshi Kantha (embroidered quilt) has been achieved.

The participation in international trade fairs have further facilitated the marketing of handicrafts especially through the BDS provided by EPB. Diversified items adapted for the foreign market are shown at international fairs generating interest in our crafts.

The growth of handicraft export can be clearly observed if one compares the export figure of 1972-73 which was Tk 3,06,000 (Tk 3.06 lacs) and that of 1996-97 which was Taka 24,11,000 (Tk 24 crore 11 lacs). Though the exports have increased since 1972 but they have certainly declined miserably in the past years, failing to reach the target of exports as should have been in all these years. When export earnings from handicrafts had a rapid expansion from a small base of Tk 3.06 lacs in 1972-73 to nearly Tk 4 crore in 1978-79, the cumulative export magnitude of handicrafts upto the date was a barometer of a conspicuous development in the scale of Handicrafts production coupled with an improvement over the quality. Such a growing development has resulted into a

rehabilitation of old and decayed clustering of artisan as well as further extension of artisan group by way of opening avenues of activities in the wider range of rural based areas. This sector has been identified as one of the promising areas of medium, small-scale and cottage industries which has the capability of uplifting the employment levels and living standards especially of the rural population.

## **2.5 Relative Importance of Handicraft Products**

The relative share of handicraft products in total exports is rather small. They contributed for less than one percent of total export earnings of the country during 1976-77 to 1992-93. Moreover, their contributions to export earnings varied significantly during the past years. For instance, handicraft products contributed to about 0.22% of total export earnings during 1976-77. The corresponding figure in 1981-82 rose to 0.46%. However, in 1992-93 it came down to 0.23. Suddenly rising the year next, the gradual trend of decline took place thereafter.

## **2.6 Major Importers of Handicraft Products**

The major countries importing handicraft products from Bangladesh are, France, UK, Germany, Netherlands, USA, Belgium, Italy, Japan, Greece, Saudi Arabia, Portugal, Sweden, and Australia. These 13 countries together account for more than four fifths of the total handicraft exports from the country. During the fiscal year 1991-92, the most important importer of handicraft from Bangladesh was France. About a fifth of the total handicraft exports went to this country alone. The next important importing country was the UK, followed by Germany in 1991-92 with a total of \$1285 thousand. These three countries alone contributed for more than 50% of the total handicraft exports from Bangladesh in 1991-92. There are, however, significant variations across years in relative shares of different importing countries. For instance, between 1990-91 and 1991-92 the relative share of France rose from 6% to 24%; and that of Netherlands increased from 3% to 9%. In contrast, the relative share of Japan fell from 8% to 3% between the two periods. In 1996-97, UK stood as the first importing country with \$944,000 followed by Italy with \$786,000 and USA with \$725,000.

## **2.7 Types of Export-oriented Handicraft Products**

A diverse range of products fall under the purview of the handicraft industry. All these are, however, divided under two broad categories, i.e., (a) manual products, and (b) mechanised products. These include the export-oriented crafts such as:

- Cane/Bamboo/Straw: Basketwires
- Jute Handicrafts: Plant hanger, door-string, doormats, place mats, coasters, hammock, bedroom and beach slipper, shopping bags, dolls etc.
- Leather craft: wallet, handbag, belt, keycase, coin-purse, ladies purse, passport-cover, photo-frame, etc.
- Embroidery and Needle Point Products: Table cloth, place-mat, napkin, cushion paper, tapestry, crocheted products, ladies purse, spectacle case, bed cover, etc.

- Clay Items: Terra cotta dolls, animals and birds' figure, flower vase, decorative wall piece, pin and pen holder, etc.
- Coir Products: doormats, floor-mats, runner for the floor, etc.
- Shell Products and Pink Pearl: Jewelry figure, jewelry box, spoon, decorative items, hairpin, broach, etc.
- Wood Craft: Toy, kitchenware, animal's figure, walls decorative piece, etc.
- Handloom Product: Lungi, bedspread, place-mat, dhurry, jamdani scroll, table cloth, etc.
- Rajshahi Silk: Place mat, scroll, and scarf, cushion cover, tapestry, etc.
- Brass: Flowerpot, candle stand, figure (birds and animals), bells, door rings, decorative plates, etc.

## 2.8 Geographical Areas Specializing in Various Handicrafts Products Recommended for BDS.

BDS support to the specialized geographical areas for handicraft production could develop the sector according to the quality raw material availability of the area and modernization of existing traditional skills. These are as follows:

Sl No.	Handicraft Products	Area of Production
1.	Hand-woven carpet, string, mats, door mats, etc	Dhaka, Rangpur and Swarupkathi
2.	Bamboo, cane and readymade goods, basket, furniture, etc	Sylhet, Comilla, Dinajpur, Barisal, Narsingdi, Modhupur, Gazipur, Chittagong and Pabna
3.	Mat-carpet, doormat, etc.	Swarupkathi, Noakhali and Jessore
4.	Wooden goods	Chittagong, Comilla, Barisal, Dhaka and Rangamati
5.	Copper, lead and brass products, etc	Dhaka, Sayedpur, Rajshahi, Narsingdi and Faridpur
6.	Leather goods, shoes, garments, etc.	Dhaka, Noakhali and Satkhira
7.	handloom goods, jamdani, boutique, khadi, katha, etc.	Comilla, Dhaka, Tangail, Sirajgonj, Rajshahi, Narsingdi, Rangamati and Cox's Bazar
8.	Clay products, tea cup, etc	Dhaka, Dinajpur, Noakhali and Patuakhali
9.	Grass and straw made goods, mat, bag, basket, etc.	Dhaka, Gazipur, Rajshahi, Bogra, Rangpur, Patuakhali and Satkhira
10.	Shell goods	Cox's Bazar

**Source: BSCIC**



### **3.0 TEXTILE INDUSTRIES OF BANGLADESH**

Today textile industry is the second largest employment-generating sector in Bangladesh after agriculture. It consists of handloom, spinning mills, and small, medium and big weaving units, dyeing, printing and finishing units and commercial yarn dyeing units.

Handloom industry holds a prominent position in the industrialization process of the country. Specialized handlooms are often considered important because they lead to employment generation and dispersed regional development, with resulting poverty alleviation effects.

#### **3.1 Background**

The history of handloom is the history of civilization. Mohen-jo-daro excavation revealed that there were cotton and looms as back as in 2700 BC. In the 17<sup>th</sup> century the area now comprising Bangladesh attained a high degree of efficiency in handloom sector. The products were highly acclaimed throughout the world. Dhaka Muslin was recognized as the most prestigious and fine cloth and was used by emperors and other elite of different countries. The advent of the industrial revolution in England, resulting in mass production of cheap cotton cloth, partly dampened the growth of handloom industry. The industry got a new lease of life with the start of Swadeshi Movement in 1906, which encouraged patronization of indigenous cotton fabric and boycotting of Lancaster cotton fabric.

The handloom industry throughout the ages continued to be the largest cottage industry of Bangladesh. It is a labor-intensive industry and plays a vital role in rural economic development. The handloom industry is playing an important role in cloth production of the country. At present there are 5,14,000 looms, of which 3,27,357 looms operate round the year producing about 69% of total cloth available in the country. The industry accounts for 33 percent of the country's manufacturing employment and for 15% of the manufacturing GDP.

#### **3.2 Categories and Geographical Distribution of the Weaving Industries**

- **Khaddar**—pure cotton, hand-spun and hand-woven clothe in handlooms. This cloth was popularized by the great Mahathma Gandhi who came to Bangladesh and grew up the Charka (hand spinning wheels). The Khaddar gained popularity when the people of the sub-continent boycotted the fabrics imported from Britain during the non-cooperation movement, especially by politicians. Today, to maintain cultural identity the politicians of Bangladesh follow the same pattern of Khaddar utilization.
- **Mixed Khaddar** – Mill spun and hand spun clothe in handlooms.
- **Grey Cloth** – Cotton cloth woven in mills in powerlooms and modern machines.
- **Handloom Textiles** – Cloth woven in handlooms.
- **Powerloom Textiles** – Cloth woven in powerlooms.

- **Benarasi Silk** – Silk textiles produced in handlooms in the Mirpur area of Dhaka. The skill was initially brought in from India by the artisans from Benaras, Madras, Bangalore and other textile producing places. Exquisite and figured designs are the uniqueness of the saris produced at times taking one whole month to weave a single Benarasi sari.
- **Jamdani** – Uniquely designed cotton and silk textiles woven only in Dhaka. It is one of the renowned ancient handloom textiles of Bangladesh. Produced with a skilful artistic excellence woven with typical indigenous designs and symbolic motifs, the weaver and loom seem to be engrossed in a work of spiritual creation, steeped in the age-old tradition of their forefathers. It is produced in handlooms only along the sides of the river Sitalakha, Dhaka. It is said that the air and water of Sitalakha River is only suited for the best production of Jamdani with the finer finger works of young people. There is a range of exquisite Jamdani fabrics in the form of silk, cotton and half-silk saris and textiles produced for a variety of uses.
- **Tangail** – cotton and silk produced in handlooms in the Tangail district having special designs of the Tangail area.
- **Rajshahi Silk** – woven from silk yarn produced by insects living in Mulberry trees. The rich texture is considered better and softer than Thai silk and is exported abroad.
- **Synthetic Textile** – woven in powerlooms from synthetic fibres.
- The heavy bordered **Tangail saris**, the **Garad silks** and **Tashor of Rajshahi**, the famous figured **Mirpur silks of Dhaka**, the cotton **Kotki specialities of Pabna**, the **Khadi of Comilla**, the **Khaddar handloom of Narsingdi**, the **Malmal**, the **Muslin** and the **Jamdani of Dhaka** all combine to express the weavers hope and confidence in their inspired artistic craft pursuits.

### 3.3 Handloom Units (Establishment) And Looms by Type of Ownership and district in 1990

Division	Ownership and Number of Handloom Unit							
	Total		Private Owner	Family	Partnership		Cooperative	
	No. of Unit	No. of Loom	No. of Unit	No. of Looms	No. of Unit	No. of Looms	No. of Unit	No. of Loom
Chittagong	75520	120837	75084	118610	373	1860	63	367
Dhaka	67864	183000	66887	178076	870	4380	107	544
Rajshahi	35957	149009	35074	139833	471	8719	112	457
Khulna	33080	6161	32803	60850	203	470	74	290

Source: Handloom Survey Report 1990, BBS.

#### **4.0 BDS PROVIDERS FOR HANDICRAFTS AND TEXTILES**

##### **4.1 BANGLADESH HANDICRAFT MANUFACTURERS AND EXPORTERS ASSOCIATION (BANGLA CRAFT)**

The steady and rapid development of the vast export potential of this sector has been a sporadic one due to isolated, fragmented and un-coordinated pattern of initiatives owing to the typical nature of this industry and also an absence of institutional organized endeavor under a common banner has substantially affected the momentum of the desired development. The producers and exporters of handicrafts, aware of these short sowings and other need to bridge them, have, after detailed discussions and by common consensus, formed the Bangladesh Handicrafts Manufacturers & Exporters Association, known in short as BANGLACRAFT, as an umbrella organisation to guide and develop this potential but unorganised industry for the best interest of the urban and the rural economy as a whole.

This association has been known by its popular trade name of Banglacrft having as its main aim the promotion and development of the handicraft sector into a strong and stable export-oriented and outward looking industry, with adequate supply capacity to meet external market demand, quantitatively and qualitatively.

Banglacrft has always been active to the situation of changing taste and choice of the foreign buyers. It has been working hard to keep its development activities in a continuous process. It executed the CEC/KDP project (1991-93) for imparting training for skill development in making products of better quality and design and the Banglacrft. It took the BDS from German Federation of Small Business and Crafts (ZDH) partnership project for institutional strengthening. It implemented the project sponsored by the Export Promotion Bureau (EPB) – “Handicraft and Handloom Export Development Project” of World Bank in 1982-96. Through this project handicrafts exports greatly increased in the following years and handicrafts from Bangladesh won its place in the international market.

##### **4.2 GERMAN FEDERATION OF SMALL BUSINESS AND CRAFTS (ZDH) AND TECHNINET ASIA (TA)**

ZDH and Technonet Asia helped Banglacrft to develop the handicraft sector by providing :

1. Training on skill development, product development, institutional strengthening, exports documentation, etc.
2. Organizing artisans training through foreign experts from Philippines
3. Study tour to various handicraft producing countries as Thailand, Philippines, India for product development
4. Publication of Brochures and directory of handicraft producers and exporters.

### **4.3 BANGLADESH CRAFT COUNCIL**

This organization has arranged trade fairs and artisans workshops for the promotion of handicrafts. Special awards were given to master craftsmen and well-known artisans for their product development.

### **4.4 BANGLADESH SMALL AND COTTAGE INDUSTRIES CORPORATION (BSCIC)**

For the promotion and development of the Small and Cottage Industries in the country, the East Pakistan Small Industries Corporation were established in 1957. After the liberation of this country it was named Bangladesh Small and Cottage Industries Corporation (B SCIC). The development of the Small and Cottage Industries is one of the key factors for sustainable economic growth. The handicrafts industries in this country, especially due to their wide dispersal, have better advantage in harnessing natural resources available in the country. The Small and Cottage Industries are employing skilled and semi-skilled manpower and are managed with less developed infrastructural facilities. The above facts draw attention to the critical needs for forward looking result-oriented programs in the light of the industrial policy, to help this sector grow, modernize and adjust with the changing demands of the time, technologies and markets.

BSCIC emerged as the main Public Sector Corporation for the development of SCI in which fall the handicraft and handloom industries. The main sphere of activities were training on various skills for handicraft and handloom development, enterprise development program, allocation of land for setting up factories in the BSCIC industrial estate. The Marketing Department of BSCIC arranges handicrafts trade fair every year on the Bengali New Years Day on 14<sup>th</sup> April (Pohela Baishakh) for one week. It is a very popular trade fair and the handicraft producers from throughout Bangladesh participate in the fair. For many of the handicraft producers the fair is the income earner for the whole year, especially of the pottery manufacturers. Year of the Award for the best product and the best craftsman is given by BSCIC at the Annual SME Trade Fair every year. Training program for product development is a continuous activity and provided at subsidized rates at the BSCIC Head Office.

### **4.5 DESIGN CENTER OF BSCIC**

The Design Center of BSCIC was initiated by the well-known artist of Bangladesh, Mr. Quamrul Hasan, whose dream was to develop the institution into a training center and design development center for handicraft and various other products. The design center has a gallery displaying various handicrafts of Bangladesh. The Chief Designer of this center guides a group of designers and experienced artists to formulate designs for the development of handicrafts and handlooms all over the country. The entrepreneurs also have the opportunity to develop design or ask for design of their products.

#### **4.6 BANGLADESH HANDICRAFT MARKETING COMPANY (BHMC)**

A sister concern of BSCIC, this company was initiated to develop the marketing of handicrafts both in the domestic and international market. BHMC organized exports for handicrafts and promoted the products of local manufacturers at its display and sales centers in Dhaka, Chittagong, Bogra and other cities of Bangladesh. Shares of the company were sold to private directors for the promotion of handicrafts. This company was mainly responsible as a marketing linkage for handicraft products of Bangladesh.

#### **4.7 MIDAS – MICRO INDUSTRIES DEVELOPMENT ASSISTANCE SERVICES**

MIDAS has helped in the growth and development of handicrafts and grew as a service provider from 1982. It was initiated by USAID and it had business related training program and advisory services in its agenda. Today's MIDAS has more to deliver like training, advice, financial services, publication and few more. They lacked any sectoral emphasis in delivering their services. All their services are provided against payment. The payment structures were differentiated in terms of service (like training) and receipts (funds from GTZ).

#### **4.8 CEFE – COMPETENCY BASED ECONOMIES THROUGH FORMATION OF ENTERPRISES**

CEFE – Competence-based Economies through Formation of Enterprises, usually called component B of the Promotion of Private Sector Project of GTZ. Rather than having a fixed sponsor like BAS, DTC, CEFE has a pool of NGO sponsors like TRIN, Proshika. Their main focus is promotion of MSME- Micro, Small and Medium Enterprises. Their approach aims at promoting growth of MSME by enhancing training. Contrary to vocational training concept, CEFE is based on the view that problem does not lie in the target group's technical qualifications rather in their entrepreneurship skills.

#### **4.9 JOBS—JOB OPPORTUNITIES AND BUSINESS SUPPORT**

Job Opportunities and Business Support (JOBS) is a 10 million dollar USAID funded program to create employment opportunities in Bangladesh through development of micro, small and medium size enterprises in the private sector. JOBS program targets to create 250,000 jobs over a period of five years. JOBS was established in 1997 under the auspices of USAID. It was created to improve and enhance private sector employment for the poor of Bangladesh. The project is run by a team consisting of representatives of USAID, the GOB and the IRIS Center of the University of Maryland, USA and its partner (the IRIS Partnership). Their main activities encompass the following broad headings.

1. Small and Medium Enterprise (SME)
2. Micro Policy and Marketing Linkages
3. Macro Policy – EC & ICT

4. Micro Enterprise (ME)
5. Macro Policy – ‘Access to Credit and
6. Training

Among the sectors they have chosen for interventions are Home and Clothing Textile, Electrical products and Handicrafts, Leather Footwear, Leather goods. They work on cost sharing basis and provide support

- to train-up workers and managers
- to develop products
- to go for direct marketing (fair participation)

#### **4.10 SCITI –SMALL AND COTTAGE INDUSTRIES TRAINING ISNTUTUTE**

SCITI was established to provide training and knowledge on entrepreneurship development and its related activities. Some of the courses include (1) handicraft product pricing, (2) marketing of SME products, (3) international marketing, (4) packaging and promotion, etc.

The institute has provided newcomers and established intreprenuers with useful knowledge and training in business development.

#### **4.11 BAS – BUSINESS ADVISORY SERVICE**

BAS – Business Advisory Service was established in 1996. This is a project of the Dhaka Chamber of Commerce and Industry with financial and technical assistance from GTZ (German Technical Cooperation). The focus is on eight sectors. They are : Home and Household Textiles, Jute goods, Handicrafts, Leather goods, Leather Footwear, Toys, Packaging materials and Processed food products. BAS is also involved in supporting DCCI publications, their own publication, management training, business consulting, direct marketing, sick factory rehabilitation services, linking services, etc.

Services are subsidized and in some cases delivered at the site of the client such as sick factory rehabilitation, Joint Venture consultancy, and direct marketing.

#### **4.12 FEDERATION OF BANGLADESH CHAMBERS OF COMMECE AND INDUSTRY (FBCCI)**

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is the apex body of the private sector of Bangladesh consisting of over 170 association of the different business sector of Bangladesh and over 70 Chambers of Commerce and Industry of all the districts of Bangladesh and Metropolitan cities. There are more than 1200 general body members who represent the different associations and chambers of the country. The FBCCI is run by the Executive Committee comprises of a President, Vice-President and 30 Directors who are elected by the general body members.

FBCCI is a platform for voicing the demands of the business community, who are also helped to develop their individual enterprises through training, advocacy, business linkage, and trade delegations to different countries, different organizations, different conferences etc. Participation in various trade fairs, trade conferences and business dealings helps the members to develop their business, increase trade and contribute towards the economic development of the country.

#### **4.13 CHAMBERS OF COMMERCE AND INDUSTRY**

Nearly all over Bangladesh it is found that the District Chambers of Commerce and Industry play a vital role in supporting SMEs all over Bangladesh. Prominent Chambers have their standing committees to look after SME problems and prospects e.g. DCCI, CCCI, KCCI and others.

The main activities include:

- Providing business information
- Development of business skills
- Linkage to World Market
- Market Linkage with Trade delegation to other countries
- Industrial exhibition for product display.

#### **4.14 WEDP -WOMEN ENTREPRENEURSHIP DEVELOPMENT PROGRAM**

The Women's Entrepreneurship Development Program (WEDP) is a subactivity under USAID's Rural Industries Project, and managed by the Bangladesh Small and Cottage Industries Corporation (BSCIC). The program was initiated in 1982 as a pilot project with activities in four upazillas. The initial objective of the program was described in the Government of Bangladesh and USAID agreement of August 1982 as the setting up "within BSCIC of a specific capability to promote and assist the establishment and/or expansion of micro business owned and operated by women or alternatively owned and operated by families in which women exercise a major management role". Since then the objectives have been revised to more adequately promote women's participation in rural industries. More recently, in October 1988, the project purpose has been explained as expanding "profitable participation of women in cottage industries thus improving living conditions of these women .... expanding their participation in family and community decision making ... expanding their cash contributions to the family". WEDP in addition to providing credit to clients, extends "training, research and advisory services, to improve the quality of program administration."

From 1981 to 2001, WEDP has developed 108179 women entrepreneurs through skill development training and financial assistance. The loan disbursement is 60637 in number counting to Tk 4883.17 lacs (1995-2001) from the interest gain is Tk 647 lacs (1995-2001).

#### **4.15 DTC – DESIGN AND TECHNOLOGY CENTRE**

Design and Technology Center (DTC) is a project emerged in 2001. This is a project of DCCI with financial and technical assistance from GTZ. The project focusing on fibre (leather, jute coconut husk and others) has planned to act as

- a design center to meet the demands of Small and Medium sized Enterprise
- a technology center to improve modes of production
- a center to exchange ideas on products, design and market trends
- a service center that offers tailor made methods of payment
- a project team to serve needs in product design

They are yet to establish training center and get works done. Their activities as per preamble, appears to replace the moribund Government Institute named Bangladesh College of Leather Technology at Hazaribag.

DTC and JOBS has outlined a plan to assist leather goods sector. Their assistance in fair participation in Lineapelle in Bologna, Italy and APLF part 1, HK may help the shoe producers to find source of latest footwear components and accessories.

Their services will be cost sharing basis as far as their catalogue shows.

#### **4.16 TIPS**

Based in DCCI, TIPS financed by the European Community, has organized Trade Fairs and Business Development through the Internet, helping women entrepreneurs receive export orders.

DANIDA Private Sector Development Program – This program of the Danish Embassy, Dhaka provides support to the private entrepreneurs to find a suitable and interested cooperation partner in Denmark. They usually pay 90% of the cost from their own and 10% by the client. In 1999 they tried with Riverside and Apex to get Danish contacts but till now no positive result. The program only assists but final association or cooperation depends on the parties concerned.

#### **4.17 LOCAL GOVERNMENT ENGINEERING DEPARTMENT (LGED) – URBAN MUNICIPAL AREA**

The slum dwellers have been provided training for IGA for women by the LGED-Urban Municipal Area financed by Asian Development Bank and training provided by various designated NGOs.

World Bank is recent days is pondering setting up an Entrepreneurship Development Training Institute in the FBCCI, the Chambers' apex body. A recently concluded study recommended setting up an institute armed with BDS like EDP, Management Training (about 30 one week program are set), Advisory service, information dissemination and the like. This project is a 'future music' and no fund is yet allocated to establish it.



#### **4.18 NGO – BDS PROGRAMS**

NGOs including BRAC, GRAMEEN, PROSHIKA, ASA have their own training institutions through which the SME are provided skill development training for entrepreneurship growth.,

#### **4.19 BANGLADESH WEAVERS' PRODUCTS AND MANUFACTURERS BUSINESS ASSOCIATION**

The association imparts Business Development and Market Linkages for their members. Majority of who is the handloom and powerloom operated SMEs. Trade fairs especially for textile products have been organized by the association.

#### **4.20 BANGLADESH YARN MERCHANTS ASSOCIATION**

The association is based in Narayanganj, the main area for marketing yarn. The yarn merchants have worked as a backward linkage group, providing the textiles sector with their raw material requirements. Their market linkage is provided at lines by the Chambers and individual enterprises.

#### **4.21 BANGLADESH HANDLOOM BOARD**

This is government agency established for the development and promotion of the handloom sector of Bangladesh. The board provides market linkage to enterprises, export opportunities for entrepreneurs, training for handloom development skills and arranges trade fairs for handloom products. It distributes yarns and credit to the weavers. It also provides sales and extension services to weavers through its 33 BASIC centers throughout the country.

#### **4.22 BANGLADESH TEXTILE DYEING AND PRINTING INDUSTRIES ASSOCIATION**

The association comprises of enterprises involved with the dying and printing of textiles, clothing and household linen. They support the enterprises through their linkage with the government for development of their trade.

#### **4.23 BANGLADESH TEXTILE MILLS ASSOCIATION**

The association involves many SMEs and works for the protection of the textile sector of Bangladesh and the enterprises involved.

#### **4.24 BANGLADESH TEXTILE MILL OWNERS ASSOCIATION**

The association has renowned textile producers as its members. The trade body serves as a linkage with the government and acts as a platform for voicing the demands of the textile mills owners and problems of the trade, especially the exports.

#### **4.25 BANGLADESH SPECIALIZED TEXTILE MILLS AND POWERLOOM INDUSTRIES ASSOCIATION**

The association has been vocal with regard to the protection of specialized textiles including the powerloom industries. Trade with India and smuggling of Indian textiles into Bangladesh has been a major obstacle to the industrial production and the association has been a great help with negotiations with the government in this issue.

#### **4.26 BGMEA – BANGLADESH GARMENTS MANUFACTURER’S AND EXPORTERS ASSOCIATION**

This association has provided the textile entrepreneurs with market facilities.

#### **4.27 NASCIB- NATIONAL ASSOCIATION FOR SMALL AND COTTAGE INDUSTRIES OF BANGLADESH**

This association has network throughout Bangladesh. It provides its members with information, technical training, and skill development opportunities and market linkage. It organizes trade fairs for the small and cottage industries entrepreneurs.

#### **4.28 EPB – EXPORT PROMOTION BUREAU**

EPB has helped the entrepreneurs in the textile sector by providing information and arranging their participation in international trade fairs.

### **5.0 BDS PROVIDED BY JOBS IN THE HANDICRAFTS AND TEXTILES SECTORS OF BANGLADESH**

With regard JOBS role in promoting handicrafts and textile SME, 10 recipients of JOBS training and participants of trade fair reacted satisfactorily with JOBS activities. There was one recipient of JOBS training, who did not approve of the training curriculum commenting. I did not learn much because there was too many things to learn in too short a time. The courses should be selective and only one important aspect should be dealt with in details for us to grasp the whole information. The participants to the trade fair arranged by JOBS thought that they had a good opportunity for market linkage and the name of JOBS and the involvement of USAID has increased their status through trade fair participation. They have now been recognised in public and have learnt the dealings of improved business transactions.

## 5.1 JOBS WORK IN PROVIDING BDS TO HANDICRAFTS SME

Training Activities	Duration	Number of Recipients	% Target Achieved
Design and Quality Control Training on Handicrafts for SME	5 days	16	Not known
Product Development and Designing Training on Handicrafts for SME	21 days	48	
Salesmanship Training on Handicrafts for SME	5 days	36	
Export Documentation Training on Handicrafts for SME	5 days	26	
Buyer Communication Training on Handicrafts for SME	3 days	41	
Skill Development on Block and Batik for SME	6 days	34	100%
Skill Development on Vegetable Dyeing for SME	5 days	49	Not known
Design Development Training on Leather craft for SME	20 days	10	Not known

## 5.2 JOBS WORK IN PROVIDING BDS TO TEXTILES SME

- Design Training with FID on Textile for SME
- Quality Control Training on Textile for SME
- Salesmanship Training on Textile for SME
- Export Documentation Training on Textile for SME
- Buyer Communication Training on Textile for SME

Source: Work/Business Plan Year 5-FY 2002-Final Draft – JOBS/IRIS Project, Page 23, 24.

## 5.3 FUTURE ACTIVITIES BY JOBS

### 5.3.1 Home and Clothing Textile Sector

As previously mentioned, the 'Home & Clothing' Textile Sector is poised for expansion and is positioned to be a significant contributor to the overall economic environment in Bangladesh. The Project will work with a very selected group of client with a special export product range to implement its TA program. In addition to the customary TA, the Project will also focus on two new areas – backward support linkages and IT/E-commerce.

The overall activities in the sector will be categorized into five basic areas:

1. Worker Development

2. Designing and Quality Control
3. Cluster Development
4. IT/EC Training
5. Market Expansion

The Project will be working through and with seven selected clients on a one-to-one basis. Much of these relationships have already been developed and will be expanded upon during the course of the year. The clients chosen not only have the professional desire and technical capacity to further develop their business, but also have a passion to be a good “Ambassador for Bangladesh” as they reflect upon the country as a whole in international markets.

Name of Enterprise	Location	Year	Projected Jobs based on an 80% production rate
Nipun Pvt Ltd	Savar, Tangail, Rajshahi, Rupganj	1972	350
Palki International	Tongi, Rupgonj	1995	280
Kumudini Pvt Limited	Narayanganj, Tangail, Rajshahi	1965	5000
Novel Crafts	Dhaka	1996	325
Prabartana Pvt Limited	Tangail, Rajshahi	1989	2000
Aranya Crafts	Tangail, Sonargaon, Razbari	1990	6000
Folk Bangladesh	Mymensingh	1999	300

### 5.3.2 Worker Development

The main objective of this TA is to improve and develop the quality of semi-skilled workers in the production process. A US Consultant in association with an export textile firm will conduct the training for 20 participants.

### 5.3.3 Designing and Quality Control

There will be two primary TA efforts with the objective to disseminate knowledge about new designs, latest trend color combinations, pricing and to facilitate strict adherence to quality standards demanded by international markets.

- One will be to prepare and increase JOBS clients’ competency to effectively compete in the New York Home Textile Fair’ 2002. A US Consultant will conduct the training for 20 participants.
- The other will also include new designs and latest trend color combinations, quality control issues, but also include pattern. This additional training will be conducted by FID, the India based training institute.

#### **5.3.4 Cluster Development**

- Folk Bangladesh is very active in the export market but is suffering from the lack of skilled workers. The cluster development TA in Folk Bangladesh will be focused on developing a cluster for handmade carpets. The cluster will be linked with Folk Bangladesh and serve as a backward linkage industry. The training will be for 50 participants with the trainer sources locally.
- Nipun is one of a home textile producer and with JOBS assistance has been exporting to several international markets. However, due the lack of skill manpower the firm is having difficulty filling export orders and growing their business. Therefore, the developments of a cluster will not only help them to increase their production capacity but also address the job creation mandate of the Project. It is estimated that the initial cluster will have 40 participants and the trainer will be sourced locally.
- The traditional Jamdani fabric is famous in national and international markets, and is in high demand. However, there is a significant gap in supply due to an insufficient labor supply to produce the fabric. To help address this need, the Project with Tanti Samity will develop a cluster and link it with Folk Bangladesh who has negotiated a long-term contract to supply Jamdani in several international markets. The initial development will be for 50 unskilled workers and the trainer is being sourced locally.
- Novel Craft is a current JOBS client and faces a similar problem as others in the sector – a shortage of skilled manpower resulting in unmet production capacity. To increase the production capacity for Novel crafts, a cluster will be developed in association with the firm where 40 unskilled labors will be trained via a locally sourced trainer.

#### **5.3.5 IT/EC Training**

As Bangladesh moves into the global market place, enterprises must become proficient to accessing and utilizing various information networks, the Internet, and E-commerce. Therefore, in collaboration with the Project EC/ICT Team, 60 participants will be trained in a series of three different training programs.

#### **5.3.6 Market Expansion**

The USA is a big market for Home Textiles and a significant prospect for Bangladeshi products. There is no quota for home textiles, plus there are various incentives that will help in penetrating the market. Once positioned with the US market, this sector will be a strong hold for the economy and help create many job opportunities. This will be the Project's third entry into the NY Home Textile Fair and should result significant per entry sales. Five carefully picked enterprises meeting strict criteria will attend fair.

### **6. BDS DEMANDS FOR HANDICRAFTS AND TEXTILES**

From the interviews it was gathered that the enterprises were in great need of BDS for the development the business. But most of the interviewees mentioned of their ignorance in receiving BDS through payment. In Bangladesh, the concept of receiving BDS through

payment is not a usual procedure. The entrepreneurs took it for granted that BDS was always provided by the donor agencies free of charge. However, through understanding of the usefulness of BDS it was gratifying to observe the changes in the attitudes of the entrepreneurs, who insisted on receiving the BDS on payment if it would help in the development of their enterprises.

The NGO beneficiaries, who had previous knowledge of BDS appreciated the services provided to them. They were eager to participate in the BDS programme and offered to provide BDS themselves if need arose.

Many of the business women who had received BDS from JOBS were supportive of the programme, but there were many who thought that JOBS did not provide the proper BDS as too many was included in the curriculum in too little a time.

It was felt that JOBS should not only concentrate in Dhaka but also extend its services to other parts of the country. There was a great demand for cluster area formation for the growth of both handicrafts and textiles as the producing areas were generally in the rural areas and many of them were family trade units.

It was felt that the major handicrafts and textiles areas of SME concentration have not been provided by JOBS. Moreover, the trade fair participants were not all SMEs in handicrafts and textiles but just privately operated boutique shops with not much individual production. The majority of the clients interviewed informed of sub-contractors from rural areas providing them the products for sale.

The textiles sector complained of receiving no BDS from any of the providers. They expressed their discontent over the fact that everything was Dhaka based and that was one of the reasons for the stagnation of handicraft production and a barrier to textile units.

The main requirements centered on the access to finance, technical skill, product development, market linkage, and design development and export opportunities.

## **7. CONSTRAINTS OF THE SECTORS**

### **7.1 CONSTRAINTS OF TEXTILES**

The SME of textiles are faced with different types of rate of interest for the loans from banks, financial institutions and donor agencies. These differences create problems for individual enterprises in conducting businesses (e.g. BSB 14%, EXIM Bank 12.5%, Norad 7.5%). The repayment of loans with varying interest rates put up hurdles in price structure and overall enterprise development.

Excise duty of Tk 100 per month per loan has caused a serious production problem and only 15% of the 1100 factories with 12 to 20 looms are existing or have diversified their production.

Garments cloth surplus is sold in the open market because RMG industries import more than necessary. The excess cloth being duty free is sold at a lesser price causing a failure to the marketing of domestic textiles in local market.

Middlemen act both as a market linkage and help in marketing, though at lower prices, but after they board the cloth, they sell them at higher prices in the peak season causing problems in textile production. Due to lack of market linkage system, producers are depended on the middlemen and are compelled to sell their products at production cost prices especially in the off-season.

## **7.2 CONSTRAINTS: (GREY CLOTH PRODUCERS)**

The textile industries of Bogra, producing Grey cotton textiles are on the verge of collapse. Many of the industries have diversified their production from Grey cloth to synthetic net production for fishing industries and also for the filters of agricultural pumps. The change in production is to keep the industrial machinery in operation and provide the expenses for the administrative staff, the laborers and the overall maintenance of the industrial unit.

### **The major constraints for these industries are as follows:**

The smuggled Indian Grey cloth has flooded the Bangladesh market, especially in Bogra, creating heavy competition in prices for the textile producers, although the Grey cloth of Bangladesh is much superior in quality.

The market for Bangladeshi produced Grey cloth is concentrated and controlled only in Dhaka. The transportation cost to Dhaka from Bogra with truck loads of Grey cloth cannot compete with prices offered in the Dhaka market by those industrial units operating within the Dhaka district and surrounding areas. The market for Grey cloth at Islampur, Dhaka is controlled by them and they refuse to take in the cloth from Bogra without their offered prices.

The saris smuggled in from India across the borders are a threat to the Bangladeshi textile industries producing Grey cloth and also those involved in the screen and block printing of saris and textiles.

The Banks have failed to cooperate with the textile industries of Bogra. The financial support of 1994 was provided by the Bank after 5 years in 1999. The working capital of 1999 was provided in 2001. These were the serious drawbacks for the development of textile industries in Bogra.

Lack of technical support proved to be another major constraint in production.

The production cost in the textiles industries of Bogra is higher than in Dhaka because the experienced technical personnel prefer working in Dhaka than in Bogra. These people demand higher wages and the salary amounts to double the rate of Dhaka increasing

production costs. A foreman receiving a monthly salary Tk 4000 in Dhaka demands Tk 8000/ Tk 9500 in Bogra as there are less infrastructural facilities in Bogra.

Job insecurity exists in Bogra as markets are concentrated in Dhaka. Retrenchment of labour and decrease in production causes reduction in labor requirements.

The export oriented textile industries had no buyers as their production limits could not be raised due to insufficient technical hands.

The Grey cloth producing industries of Bogra have stopped production and diversified their products as the prices were not cost-effective due to lack of market opportunities in Bogra and lack of any processing unit for the finished product.

The high transportation cost from Bogra to the Dhaka market does not cover the cost price as the sale price is lower than the production cost of the Grey cloth.

From 11 (eleven) textile mills of Grey cloth production there now exists only 8 and those are also diversifying their production to synthetic net instead of Grey cloth as the same machinery produces varieties of textiles.

As there are no secondary markets for these textiles industries in the northern districts. the production units are closing down for lack of marketing facilities. Concentrated markets hamper marketing of products and create monopoly of business.

### **7.3 CONSTRAINTS (Mirpur Silk Dhaka)**

The sari market is dominated by imported Indian saris or with those smuggled in across the borders. This has posed a great threat to the local production units of Mirpur Silk saris and textiles.

Fake letter of credit and illegal entry of many truckloads of saris through one single L.C. is depriving the government of its revenue.

Lack of design development decreases sales. Traditional design technology is time consuming and difficult at times.

The Indian Marwari (businessmen) are smuggling in saris at credit worth lacs of takas. Thus the local industrial production is hampered as the lower quality saris are sold at lower prices within the reach of customers and the payment is made to the Indians after sale which is great help and opportunity for the sari shops and dealers.

Inadequate access to credit is a major constraint. The local money lenders (Mohajans) don't supply adequate financial assistance. The Banks don't give importance to small producers and on the other hand the shops have after sale payment to weavers causing great problems to enterprises.



The payment of goods sold is held up by the shops through payment delay and accumulated money for a long time greatly hampers production.

#### **7.4 CONSTRAINTS: HANDLOOM (The Comilla Khaddar)**

European and export market designs are not available in Comilla. These are used in Dhaka and difficult for the handloom weavers of Comilla to attain them.

The market of Khaddar is suppressed in Comilla with low prices. Whereas the market prices for Khaddar are high in Dhaka and goods are sold easily in Dhaka where there is an abundance of buyers.

The producers have no entrance to the market as products are sold by the suppliers or the middlemen. The same quality product varies in price in and outside Dhaka, where the producers have no access to bigger markets.

The looms are outdated and produce less. The production is thus not cost effective. Moreover the old skills are a barrier to modern designs and quality production for mass requirements.

Influential people act as traders and threaten the poor weavers to sell the products to them at the trader's prices and demands.

The Khaddar Cooperatives with weavers as share holders, had initiated selling of handloom woven cloth, but as cooperatives have to abide by strict rules and regulations set up by the Department of Cooperatives (Samabaya Samity), transactions or business dealings have to be done through written documents. As weavers are not literate they abstain from written procedures, preferring the losses incurred and sell their products to traders with easy cash though at much lower prices.

The price of Comilla handloom known as Khaddar has become a localised business concentrated among a few influential traders causing hardships among the thousands of rural weavers, who are unable to sell their own products elsewhere. The dependence on traders and middlemen has not developed this industry. The traders never pay sales receipt and order handloom textiles in advance during the lean period, not paying the weavers the actual prices involved.

#### **7.5 CONSTRAINS : HANDICRAFTS**

It has been observed that handicrafts exports has great possibilities but lack of BDS has failed to develop proper marketing for this product. The other identified problems are in association management, proper monitoring by Export Promotion Bureau, coordination with the government and semi-government agencies.

Some of the main problems identified for the decline in handicrafts exports are:

- No production according to market requirement
- Lack of diversification of products
- Lack of changes in the design of products
- Production of same products for years together
- Stagnant situation with regard to product development
- Lack of quality production suitable for exports
- Lack of proper encouragement by the government and patronisers
- Lack of quality control as maximum exporters have no personal production centers thereby having difficulty in maintaining quality
- Lack of information dissemination
- Lack of skilled manpower
- Little interest in market behaviour change
- No institutional support for product development
- Lack of easy access to quality raw materials
- Lack of appropriate research on product development designing and marketing
- Import of handicraft from abroad into local market

NGOs providing training to women on skill development for handicrafts for their own business development centers, are faced with insufficient skilled workers as the trained women have either opened production units of their own or have joined other NGOs providing better wages.

NGOs producing handicrafts which have trained women on skill development are faced with production problems in their handicrafts centers as the skilled women have diverted into other professions with better income through poultry rearing, grocery shops, agricultural production and beef fattening units.

Women with skill training leaves handicrafts production units during harvest time as they earn more than handicraft manufacturing through harvesting activities and also attend to household requirements when necessary.

## **8.0 BUSINESS DEVELOPMENT SUPPORTS FOR HANDICRAFTS AND TEXTILES : DEMANDS**

Following is a list of BDS requirements for the development of the handicraft and the textile sector of Bangladesh. The BDS demands have been formulated from the recommendations, which have been provided by the 46 SMEs interviewed within and outside Dhaka.

### **8.1 GROWTH OF TEXTILE INDUSTRIES AS BACKWARD LINKAGE FOR RMG**

When the quota for garments ceases to exit, the textile for garments should be taken from locally produced textiles with improved technology. The Textile Mills Association, the

Specialised Textile Mills Association, the Weavers Association of Bangladesh, should initiate the process of quality textile production for export of RMG. This backward linkage industry has great prospects with every variety of textiles.

## **8.2 CLUSTER AREAS FOR HANDICRAFTS**

The handicrafts for export may be developed in cluster areas with each type of locally available raw material according to demand. The exporters would supply the samples or prototype designs for export to be produced with required quality for export by the whole group of manufacturers in the cluster area for mass production or bulk quantity of similar handmade products. Training on this issue should be imparted to all the artisans in the cluster area either through the training of a trainer (TOT) or a master crafts man or the BDS provider can arrange training programs in the area. The Bangladeshi Handicrafts Manufacturers and Exporters Association (Banglacraft) should initiate the growth of cluster areas throughout Bangladesh according to the raw materials available as in a similar project developed by ZDH.

The former governments had allotted land for a KARU PALLI (Craft Village) and offered various facilities for product development but the order still remains unimplemented. Initiative of BHMEA could help develop the KARU PALLI.

## **8.3 CLUSTER AREAS FOR TEXTILES (Comilla Handloom)**

The handloom industry of Comilla producing hand spun and hand woven, cotton cloth known as Khaddar is concentrated in a particular area known as Chandina. Monopoly in business and concentration of localized traders in Chandina has to be broken through the growth of cluster areas in other parts of the district of Comilla, where weavers exist and require work orders. The Handloom Board should take initiative for the formation of cluster areas.

## **8.4 CLUSTER AREA FOR TEXTILES (Dhaka Mirpur Silk)**

The 40 acres of Benarasi Palli initiated in the 80s has not developed due to negligence of the different governments. The initial plan had provision of 906 plots of land for Benarasi Silk Weavers. A training center, a Basic Center for raw materials and infrastructure facilities was within the plan. Construction of multi-storied buildings with the provision of training on new technology, design development, research, marketing linkage through display centers and all other facilities for the development of the silk weavers were within the plan. Provision for fire protection and prevention and first aid centers for accidents were to be included after a disastrous fire, burnt down, many of the industries. The Ministry of Textiles should initiate the implementation of the silk industry cluster area formation. BDS providers would supply the training and other requirements for marketing, technology transfer, etc.

## **8.5 TECHNOLOGY TRANSFER (Changes in Production Technology)**

The Pati Charka (spinning wheels which are traditionally spun by hand) should be replaced by the Amber Charka (Gujrat type spinning wheel) which is more cost effective. In the Pati Charka (8-16 counts cloth production) the production capacity is very low and quality of cloth inferior. A weaver gets less than taka 10 per day. Whereas in the same consumed time the Amber Charka (spinning wheel) the thread count is 80-100 and can be controlled. The production is greater through this loom helping a weaver earn more than taka 100 per day. These changes can be brought about through the Bangladesh Weavers Association or NGOs, which can generate fund for the changes in looms and spinning wheels thereby increasing in production. The Bangladesh Handloom Board can act as change agents since it supplies yarn and credit to weavers.

## **8.6 COMILLA KHADDAR MARKETING THROUGH COOPERATIVES**

To control prices and avoid the involvement of scrupulous traders, the khaddar cooperative should initiate the proper marketing of Khaddar (Handloom) Textile in Comilla, where the cloth is produced in bulks in the rural areas by thousands of traditional handloom weavers.

## **8.7 COMPUTERISED DESIGN DEVELOPMENT**

BDS providers should initiate the computerised design development of textiles. These trainings may be performed by the Computer Association of Bangladesh in collaboration with the various textile mills associations and also the Handloom Board of Bangladesh. Charges for the training would be determined according to the designs developed.

## **8.8 COMPUTER COURSES ON ACCOUNTS AND MANAGEMENT**

To modernise industrial production BDS providers as JOBS should provide special computer courses on accounts and business management to develop production and office administration especially in the maintenance of accounts. Courses should be designed according to needs of the various types of industrial production.

## **8.9 RESEARCH ON TEXTILES**

BDS providers should take up research on design development of various types of textiles including the texture, quality control, production skill, and production quantity processes. Attention should be made on export orders, RMG requirements and traditionality of designs. The textiles producers should buy the designs from the BDS providers. They may also supply requirements of their own and pay prices accordingly. The exporters can also share the prices of designs, texture and quality for orders of their own.

## **8.10 BDS MARKET DEVELOPMENT FOR TEXTILE AND HANDICRAFTS**

The small boutiques, operated specially by the women entrepreneurs, are faced with competition through the smuggled in or imported dresses from abroad. The Mirpur Silk Industries are similarly faced with competition through the smuggling in or import of Indian saris and textiles.

BDS providers should attempt at new approaches for market development in this open market economy policy of the government through the following:

- market research and study on particular products for their increased sales.
- training on skill development aimed at producing quality products in order to compete with the international market
- Design development promoted to countering the smuggled products with sophisticated and modern designs of handicrafts, clothing and textiles.

The entrepreneurs must buy the required BDS services on payment for each entrepreneurs may have different demand suited enough to face competition. For sustainability of BDS providers newer designs and requirements would attract the business community.

## **8.11 BDS REQUIREMENTS FOR HOME AND CLOTHING SECTOR**

- Most of the textile producers are suffering serious quality and consistency problems with products. The problems are primarily in the areas of design, color, weaving, and finishing. Therefore, in the future the focus should be on overall quality control issues through either training programs or study tours abroad in this sector by BDS providers on payment.
- Textile companies offer a wide range of products and a diverse client base. Designing and assistance program to suit all the products and clients is difficult and impractical. Future activities should work with a selected group of entrepreneurs and focus on selected products by the BDS providers.
- To maximise sustained expansion, growth, and knowledge follow-through of SMEs, it is important that they share the cost of any assistance programs. Future activities and TA should be on a cost share basis for all designed programs.

## **8.12 BDS FOR MIRPUR SILK**

There should be training in computerized designing to enhance production of textiles with modern designs and accelerate production of quality goods at a larger scale.

Government support should be invited for the formation of a cluster area development for the production of Mirpur Benarasi Silk. The existing Mirpur Benarasi Palli was initiated

in the 80s but has not been completed. This cluster area would provide infrastructure facilities and a modern working system for the Mirpur Silk industries ensuring their quality production and safeguard of these industrial units from extortionists.

Introduction of new technical assistance would discard old traditional looms with formation of new technology in “silk designed looks.”

### **8.13 BDS FOR MARKET LINKAGE FOR RAW MATERIALS**

Training should be provided to raw materials suppliers who dye and colour yarn for the textile (handloom) industries in order to supply fast colour and quality yarn.

Raw material for handicraft producers should be made easily available at reasonable prices to avoid problems in production and smooth functioning of industries. JOBS can act as a net working institution through linkage with buyers and suppliers of raw materials.

### **8.14 BDS FOR RAW MATERIAL PROCESSING**

A central processing machinery may be set up for the processing and production of quality raw materials including cane, bamboo, straw, grass, jute and wood. These raw materials if not processed are apt to decay, or are destroyed from fungus and insects causing serious problems in producing durable and quality finished goods for exports. JOBS can initiate the process of this set up through Bangladesh Small and Cottage Industries Corporation (BSCIC) which has a network of offices and industrial estates of SMEs throughout Bangladesh. Services may be obtained on payment of charges for the processing of raw materials for quality finishing.

## **9.0 BDS INSTITUTIONAL PROVISION**

### **9.1 WEDP: CHANGE IN STATUS AS A BDS PROVIDER**

Since the commencement of the fourth phase (1997-2002) of the project, WEDP is struggling for lack of funds for credit delivery, and for meeting its operational costs. It will not be viable unless it can substantially expand its credit operation horizontally (with more borrowers) and vertically (with more loan per borrower). On the contrary the project is currently compromising its field efficiency for its institutional and financial weaknesses. GOB and donor funds investment of Tk 283.6 million or US\$5.8 million excluding cost of TA, training, studies, evaluation, etc. is at stake. WEDP requires organizational restructuring. Options for restructuring identified include on the one end transferring the project to revenue budget of the GOB and on the other, WEDP's acquiring a legal status with mixed equity ownership with the GOB, borrowers of the project, and possible private sector investors. The specific options are the following:

**Option 1.** Transfer the project to GOB revenue budget of the MOI. This option will involve transferring the project along with its assets, liabilities, operational autonomy and

staff under GOB revenue budget. **Option 2.** Maintain and expand status quo. This option should provide and on going process for WEDP to progress towards expanding its operation, enjoying full operational autonomy, and preparing itself for the desired status of a legal entity. **Option 3.** Achieve autonomy and operational flexibility and operate as a bank. This option for WEDP looks at its attaining viability by bringing in necessary improvements needed to achieve this objective. It assumes that WEDP would stand on its own and work to pay for its keeps, and build up reserves. **Option 4.** Acquire legal identity. This option for WEDP is for full institutional restructuring with autonomy. It envisages a legal entity for WEDP with a private and GOB mixed ownership distributed among GOB, borrowers, and public.

## **9.2 NEW APPROACH FOR BDS BY JOBS**

JOBS should work with SMEs at their respective areas throughout Bangladesh and not concentrate only in Dhaka.

JOBS should extend support to SME clients in all their production development to enhance industrial benefits and not restrict themselves to Dhaka based training and organising of a few trade fairs in Dhaka.

JOBS should distinguish between enterprises with own workers and those with sub-contracting systems from rural areas as home based units with rural producers. It is the individual producing enterprises which lack the BDS and clients should be identified before providing any support.

## **10.0 BDS: LINKAGE WITH GOB FOR POLICY CHANGES**

JOBS should extend BDS through advocacy in the following:

- Excise duty in looms should be waived for a definite period as the Tk 100 monthly duty per loom yields no profit from production
- The former government had cancelled the existing order for the garments industries of the BGMEA members to utilize 5% of the textiles used for exported garments from the handloom industries. This had accelerated the growth of the handloom sector and production of the quality handloom products had developed but now the producers are in great problem since many of them had expanded their units for providing textiles as raw material to RMG units. This issue should again we developed through advocacy. Handloom producers have demanded that the government should renew this order again for the development of the handloom sector and also for marketing Bangladeshi handloom products through the exported garments.
- Smuggling of Grey cloth from India should be controlled in order to promote the industries of Bangladesh and revenue collection. The government is deprived of any revenue from the textiles smuggled into the country illegally through the borders.
- The textile industries of Bangladesh, producing Grey cloth should be promoted as a backward linkage for the RMG industries.

- Government should form vigilance teams to detect the scrupulous industries which import Grey cloth for printing but on the other hand export these imported Grey cloth without printing.
- Government should initiate formation of secondary textile market in four areas of Bangladesh depending upon production density especially, in Bogra, Comilla, Pabna and Tangail for greater marketing opportunities, stopping monopoly of market, cost-effectiveness of industrial production, control of prices, lessening of competition from smuggled goods and opening greater market facilities for producers throughout Bangladesh.
- Banks should be made to provide the financial assistance to set up industries and working capital at the proper time to avoid incurring losses to the producers as interest are taken for loans where as production processes are delayed due to negligence in timely loan disbursement.
- Interest rates should be lowered by the banks to facilitate production
- Equal interest rates should be made available for loans taken from banks, financial institutions and donor agencies.

## **11.0 CONCLUSION**

The Government of Bangladesh's (GoB) new Industrial Policy of 1999 places emphasis on stimulating competitiveness both in the domestic and export markets, especially at the SME level. The Policy highlights Bangladesh's comparative advantage in labour intensive manufacturing and points to skills upgrading and productivity growth as key strategies to achieve higher levels of growth.

USAID has the opportunity to provide the BDS in the two sectors discussed in this report, namely, the handicrafts and the textiles to meet the targets of the Government with regard to its industrial policy. Having already done appreciative endeavours in the past for the promotion of these two sectors, future attempts should focus more on providing BDS to the handicrafts and the textiles sectors. The reasons for this being that both handicrafts and textiles have promising opportunities for export and also domestic consumption as these two sectors are labour intensive, has a network of activities throughout Bangladesh, has the indigenous existing skills which could be further developed to suit the export market and the quality mass production. The greatest achievement should be to attain sustainability of the enterprises and open opportunities for greater market demands. The open market economy should focus more on development of existing trades with modernised technology. Strategies for future BDS should be activated and implemented accordingly.



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Business Development Services:  
**A Report on Leather Footwear and Products Sub-sector**

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Enterprise Development Assessment Study

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# **A Report on Leather Footwear and Products Subsector**

## **1.0 Introduction**

Commissioned by the USAID Bangladesh and implemented by Chemonics International, a Washington based Consultancy Company, this study is part of a broader Enterprise Development Assistance Study in Bangladesh. One important objective of the study is to capture USAID's decade long small and medium enterprise creation and employment generation assistance in Bangladesh. This report deals leather footwear and products (excluding tanning).

## **2.0 Sectoral Overview**

### **2.1 Tanning and Leather Sector**

The manufacturing Sector of Bangladesh accounts for about 18% of GDP, mostly concerned with the processing of domestically produced agricultural raw materials, such as jute and tea along with leather and leather goods and non-traditional products like ready made garments and fertilizer. Tanning and leather, engineering, textiles and food processing alone, however, account for 30% of fixed assets, 40% of gross investment, 41% of output, 40% of employment, 40% of gross value added and more than 36% of return on capital (ISS 1992).

The leather manufacturing sector contributes significantly to the economy of Bangladesh in terms of gross output, value addition, manufactured export and employment. With rapid emergence of garments manufacturing as a major export earner, the relative position of all other sectors including leather has naturally declined. In 1997-98 the export earnings of the sector were valued at being US \$ 190 million. Available statistics shows that there are 248 leather-manufacturing industries in Bangladesh having largest (94%) concentration at Hazaribagh, on the northern bank of the river Buriganga in Dhaka City. Only 4 units are found in Chittagong.

On the basis of installed production capacity and the degree of mechanisation leather tanning firms may be categorised into: Cottage, Small, Small-medium, Medium, Large and Very large groups. Survey done in 1997 indicates that average capacity utilization of 82 Mechanised and Semi-mechanised units for the production of crust leather was 47.67% while the average capacity utilisation in case of finished leather production was 30.74%. It was also found that some units (8) having finishing facility were not utilising their installed capacity at all, mainly because of lack of skilled and experienced finishing technologists and shortage of working capital. The effective installed production capacity of finished leather during the end of 1997 was estimated to be 100 million sq. ft. The capacity is well above the currently available raw materials in the country.

Leather is the 4th important export item, next to RMG (including knitwear), frozen food and jute goods. In 1996-97 country earned US\$ 195.48 million from leather and US\$ 21.61 million from leather goods which is about 0.07% of the World Market.

## 2.2 Leather Product Category

The 4-digit classification followed by Bangladesh Bureau of Statistics for classifying leather are tanning and leather finishing (3241), leather products, excluding footwear (3243) and leather footwear (3251). Among them the leather product sub category has the highest diversity and includes leather garments and small leather items like bag, waist straps, passport covers, key ring cover, portfolio bags, gloves and the like. In terms of size and growth footwear subsector stands out prominently.

## 3.0 Leather Footwear Subsector

In general, the footwear industry in Bangladesh has the highest diversity of size. In terms of raw material use some combination of natural leather and synthetic materials is used. JOBS study (Parchman 1999) provided one useful classification, it has divided footwear into 4 distinct levels. Footwear shops of 1-5 employees (cluster operations) number in the thousands. The next level is the small/medium-sized manufacturer who produces for the domestic market. There are several hundred of these and in the Dhaka City area and employ 20-60 persons. The third level is the small/medium sized export manufacturer. There are 40-50 companies that employ 50-250 employees. The fourth level is made up of 2 large companies (BATA and Apex Footwear). These have a combined capacity of over 70,000 pair per day destined for both the domestic and export market. All footwear companies belong to this stratum. The single largest composite leather and footwear exporter is in the fourth level.

In general, number of enterprises operating within a sector is hard to find from any of the published sources and footwear is not an exception. However, statistics on export directed enterprises is easy to obtain, because of the statutory requirement of registration with Export Promotion Bureau (EPB) of the Bangladesh Government. According to one estimate (Islam, Reazul 1995) there are about 120 registered large to medium, medium and small footwear enterprises (including 10 mechanized large to medium and 12 semi-mechanised medium to small units), and over 2,000 cottage type footwear industries. Another study (Syed, Azim September 1998) identified as many as 11 types of producer channels in the subsector starting from small scale local to large-scale export oriented producers. In between there are multinationals to specialised institutional market focused producers.

The export footwear industry has evolved differently in Bangladesh than anywhere else in the world. Most of the company owners had little or no prior footwear or sewn product experience. A new facility was constructed and new machinery purchased without a product development plan, a marketing plan, and without the understanding that the manufacturing of a shoe (over 100 operations) is a difficult process. Consequently, there has been little success by most companies with current production capacity utilisation as low as 30%.

## 3.1 Opportunities

High quality indigenous leather supply base and low cost production worker has fueled entry of Bangladesh to the world market. Japan ranks first as an outlet of leather footwear with a market

share of 34%, followed by the UK (11%), Spain (9%) and Germany (8%). Together these markets constitute 62% of the export earning from footwear (Hossain in DCCI 1997 p 21).

The machinery purchased and product produced by the majority of small/medium export companies fall in the category of cemented bottom leather dress oxford. This process of construction is used widely in Europe because it is best semi-mechanized and allows use of their expensive labour. It is also the process which is easiest to set up therefore has the most worldwide competition. It does not take advantage of Bangladesh's large pool of inexpensive labour. Alternative construction, stitch down and stitched welt, the most popular and labour intensive, were not seen in Bangladesh. Recently, one project has been set up in the Dhaka Export Zones Authority that produces Goodyear welt safety shoe has not yet gone exporting.

### **3.2 Constraints**

The major problems facing export footwear industry are: marketing (poor product design and quality), limited product construction options absence of skilled workers and raw materials. Constraints are discussed at producers' level, supporting industry for accessories, policy and environment.

#### **3.2.1 Producer Level Constraints**

##### *Marketing*

The 2 largest markets currently being served are Japan and Italy. Japanese buyers are familiar with Bangladesh as a source for low cost footwear and buyers visit on a regular basis. JOBS has successfully brought in Japanese footwear designers and developed product collections for the Japanese market, which reported to be worked well. Italian footwear machinery representatives are very active in Bangladesh and agreements have been made for a guaranteed small amount of orders with machinery purchases and promises of more order to follow. These may not materialize but the producers have many contacts in Italy because of the interactions. The single most important medium to fetch order is via attending fairs. One company reported the following:

“Bangladesh's participation at Singapore Shoe Fair was very unimpressive and unprofessional. Bangladesh stall was poorly illuminated unattractive in term of decorations, even the name of Bangladesh did not appear visibly. The most dampening aspect was its location almost next to the toilet where no one can stand for more than a moment. The exhibitors had difficulties in handling their exhibits. The Bangladeshi organizers failed to systematize the freight handling of product samples brought into Singapore. In terms of benefit the company did not gain much and would not consider participating if the fairs are not organized professionally, promoted dedicatedly and concerns of the exhibitors are handled reasonably.”

At least 2 companies have recently opened their own retail outlets in the Dhaka City and have been supplying footwear collections designed to be of better quality. High duty and taxes has been a serious impediment to the growth of domestic sales by export-oriented industries (details under policy).

### *Product Development*

The product development process varies among the companies but is an area, which needs much improvement. The small shops have the equipment and skills to produce only a limited range of products (leather sandals, cemented women's fashion shoes) and make variations of previously produced goods or copy similar foreign items.

The product development process of the small/medium exporter ranges from duplication of and countersampling a buyer supplied item to identification of current popular styles taken from fashion publications and then duplicated with local production patterns. A major weak link in the further development of the industry is the lack of local patternmakers who can take a picture or sample of a shoe and duplicate the cut pieces needed for production in a scientific manner which can then fit correctly over the last (production form). Pattern makers with local skills, but no formal training, are found in some factories. Because of this weakness local capacity to develop a footwear collection is absent.

### *Quality*

Finished quality ranges from excellent export quality with multi-inspection stations to poor local quality. The company with the best quality was staffed by foreign technicians, 2 domestic producers of government military boots and worked under a 100% inspection process followed by a random material testing process. The small footwear shops produce leather sandals of a good finished quality but because of their hand process and few available lasts and dies there is not consistency in fit or finish.

### *Pricing*

The entrepreneurs lack skill in costing and pricing of their products, as a result, they fail to negotiate price with the buyers in the international fairs.

### *Worker Training*

Worker training occurs in a variety of ways. In the small footwear shops, it is likely that the owner has learned the skill from his father and trains his new workers on the job. Many of the small shop owners/ workers had 10-15 years of experience and the worker performs all tasks in making the shoe. Training strategy at the small/medium export producers ranged from attempting to hire experienced workers and providing a small amount of orientation to formal training programs, involving the JOBS program, for both workers and subcontractors.

## **3.2.2 Supporting Industry Constraints**

Footwear industry is also affected due to absence of a well-developed local footwear components industry. These components like heel, last, outsoles, insoles and threads have to be imported. Quality of samples depends largely on the availability and selection the components. One company reported to produce heel is suffering from technical know-how about how to produce better quality fashion friendly heels.

### **3.2.3 Policy Impediments**

Footwear suffers from a counter productive fiscal policy on two accounts. First, leather sector incentive is not applicable to footwear sector although both belong to the same sector. While the government allows 10% of FOB as cash allowance to leather, footwear is not. Second, 20% of production capacity allowed for local sales as an incentive is subjected to 70% of local taxes in the form of customs duty (37.5%), value added tax (15%), advance income tax (2.5%) and development surcharge (2.5%). As a result, the producers lack interest and incentive to go on catering to local demand.

Government initiative in the leather sector is limited to some strategic statements like Thrust Sector and Crush Program. No one could tell what does these statements mean in operational terms. As a result, no large-scale systematic support is found in the subsector

### **3.2.4 Environmental Issues**

International business partners of Bangladesh companies are demanding that the local companies follow certain environmental and social standards as pre condition to continue business with them. This is part of the international drive to make local companies bear many international responsibilities towards environment and employment. Tannery and leather is considered as a high pollutant industry. This is not something demanded by the entrepreneurs but for which the industry, in general, suffers. While this has been an issue discussed and studied again and again nothing notably could be done so far.

## **4.0 Leather Product**

The leather goods industry in Bangladesh is less developed and organized than the footwear industry. There are about 18 mechanized and semi-mechanized small and medium and over 150 non-mechanized cottage type factories in Bangladesh (Karim p 43 DCCI 1997).

### **4.1 Opportunities**

Foreign leather trade specialists hold that certain Bangladesh leather attributes like grain, texture, fiber strength made it most suitable for footwear and small leather products and garments production. Analysis of government export statistics from 1991 to 1997 show that USA, Germany and Japan are the largest buyer for leather products (64%) followed by Italy, UK, Saudi Arabia and Russia. Leather garments and vests are also important export items

### **4.2 Constraints**

The major problems facing export footwear industry are similar to footwear - marketing (product development poor quality and realistic calculation based pricing), limited product construction options and absence of skilled workers. Also unhealthy relationship between the product producers and leather tanneries are also reported by few.



### 4.3 Enterprise Level Constraints

While the footwear sector has overcome some of its problems the leather goods sector suffers at every stage from procurement of appropriate raw materials to finished goods. Entrepreneurs reported three problems viz., product development, quality, and skilled labour force.

Skills demanded in the sector are:

- Pattern making
- Cutting, clicking (press cutting)
- Splitting, skiving
- Assembling, table work
- Finishing, packaging
- General machine operation and maintenance

One important barrier to productivity enhancement is the untrained supervisor. The limitations identified are:

- Quality assurance
- Rationalisation, productivity
- Identification of model flaws
- Simplification of product design
- Detection of organizational drawbacks
- Measuring and control chart routing systems
- Incentive options
- Product development
- Implementation of new methods

### 5.0 Business Development Services

Subsector specific BDS (any service used by an enterprise to assist in business functioning and growth) information at secondary source level is not available in many countries including Bangladesh and needs to be collected from primary source. A primary source in BDS is potential and/or actual user (most common and easily accessible) and a supplier (often difficult to identify). BDS practitioners developed moderately sophisticated UAI (usage, attitude and image) multi-service or dedicated single service (e.g., ISO 9000) market research tools. Data gathered in UAI generally has the following focus (Miehlbradt April 2001 p 39): market size and segments, market penetration, estimating how much SEs spend on a service, analyzing awareness, reach and retention, understanding rates of consumer adoption, identifying the services' competitors, service features, comparing suppliers. In terms of accessibility, supply side institutionalized delivery sources is generally most handy. Given sufficient time identification of non-institutional service providers is possible. However, quantification of demand requires a through systematic market research is beyond the scope of this study.

## 5.1 Demand

Data from an unpublished BDS market survey conducted for the Swisscontact Business Development Services Program (BDSP) <sup>1</sup> shows a total annual market size for BDS in Dhaka, Bogra and Narayanganj of US\$ 5.6 million. These are the actual purchases recorded of BDS in the categories:

- accounts, finance and taxation
- advice in legal matters
- advise in production processes and operation
- management training
- production training
- technical training
- communication
- trade fairs
- advertisement

Extrapolated on this basis, the total market for BDS in Bangladesh has been estimated to be about US\$ 11 million per annum. (Tomecko/ Huda/ Tomesen, p. 13)

While advertising, trade fairs, legal advise and communication are the major categories of BDS purchased, technical and production-related training and services account for around 12% of total BDS purchases in the above categories. The categories of technical advisories and training are not defined very clearly. It seems that the first (and smallest) group of services refers to production-related consultancies, and the second (and largest) one to training of the workforce in certain production techniques. However, there could be overlaps between categories.

In general, the available data seems to indicate that there is a market for technical training and services among SME in Bangladesh, and that efforts to further develop this market could be worthwhile. In-depth market research will be needed to get more comprehensive data on this demand.

Experienced industry specialists feel that demand for services is considerably high in the export directed industries because of product quality demanded by the overseas buyers. A case in point is the MGF Project of the World Bank in that the entrepreneurs bears 50% of the expenses incurred for the services they deemed important for the business. Review by the consultant of 5 export plans submitted to MGF reveals that participation in international trade fair and product development (from sample development to transfer of technical know how to training on quality control process) are the highest sought after services by the entrepreneurs. Training of workers and supervisors and ISO 9000-certification and company catalogue development comes next to the first.

Summarizing what has been discussed so far, demand for BDS is mostly in the following areas:

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<sup>1</sup> Distributed as handouts in a Training Course on BDS Principles, Tools and Practices organized by Swiss Contact Philippines at Cebu in mid November 2001 and attended by the Consultant.

- International Market Access
- Product Development (Design, prototype and sample development)
- Quality Assurance Method Design and Implementation
- Worker and Supervisor Training

## 5.2 Supply

While cross-sectoral service providers are abundant in supply, however, dedicated subsector service providers are only a few. Leather and leather product is one of the handful subsector category where two public sector agencies and few dedicated donor-assisted projects are rendering services.

### 5.2.1 Public Sector Agencies/ Institutions

#### *Export Promotion Bureau*

EPB is the government agency established to promoting export and improving plan and policies helpful to the private sector. Formulations of national export policy and framing of strategies to achieve export goal and targets are two important functions of the Bureau. Export program and activities are implemented by a 6 division organizational arrangement. The divisions are planning, product development, information, trade fair and display, administration and garments division. Like garments, it does not have a dedicated leather and footwear division.

#### *Bangladesh College of Leather Technology, Dhaka*

This is a public sector subsector dedicated institute under the Department of Technical Education under the Ministry of Education. The institute is offering undergraduate courses leading to Bachelor of Science in Technology degree (entry qualification HSC) in 3 fields - leather technology, leather products technology, and footwear technology. Government has undertaken a massive renovation, reorganization and modernization of the institute by putting in Tk. 326 million. In addition to hardware procurement for production and testing, faculty training, curriculum development of short courses are also under development. Facility with appropriate machinery has been created and 8 faculty members are sent to UK and India for training on footwear.

The institute has a plan to offer 3 month duration artisan courses (entry qualification Class VIII) on footwear cutting, lasting/making, stitching and finishing, For leather goods similar courses are also planned on leather goods cutting/sewing, apparel sewing, design and product development and apparel pattern making. Quality control and machinery maintenance will also be introduced in phases.

### 5.2.2 Private Sector Associations

#### *Bangladesh Finished Leather, Leather Goods & Footwear Exporters' Association (BFLLGFEA)*

Established in 1985, this is an 83-member common association of finished leather, leather goods and footwear producers and exporters. At present, the Export Promotion Bureau (EPB) requires

an authentication from the Association for any company that gets involved in the export of the products. The Association functions through a number of sub-committees, namely, information collection and dissemination, utility and income tax, tannery labour, technology and technical assistance, banking, insurance and custom, bonded warehousing and leather and footwear development. The last one is a 1 member sub committee to take appropriate measures for the development of the leather goods and footwear. Negotiations with the government are under way for duties & taxes waiver (the present duties are 60 to 100 percent) on import of spares & components by the manufacturers, roughly estimated to be Tk 50 to Tk 60 Crore.

Every year, since 1999, the EPB and the Association have been organizing Dhaka International Leather Fair (DILF). The 3rd Fair is planned to be held during January 27 to 29, 2001 at Hotel Sonargaon. In addition to leather, the Fair also provides business opportunities for chemicals, tanning machinery, accessories and spares.

### **5.2.3 Donor Assisted Service Providers**

#### *Business Advisory Services*

BAS is a GTZ assisted project implemented in partnership with DCCI. Services are directed at 8 subsectors; home and household textiles, jute goods, handicrafts, leather goods, leather footwear, toys, packaging materials and processed food products. It also supports DCCI research and publication department to help publish materials of business community interest. It is also working actively with a number of BDS -management training, business consulting, direct marketing, sick factory rehabilitation services and the like.

BAS in the past arranged seminars in Dhaka and Chittagong on leather goods and footwear, promoted direct marketing to footwear manufacturing companies by providing technical assistance in stall design and decoration

#### *Design and Technology Centre*

The DTC, a project of GTZ, aims at making available product development services in design and technology to SME in selected manufacturing sectors. It will train local designers in product development and improvement on full fee basis. The institute as well as freelance consultants will provide design services to industries on a commercial basis. The sector focus is on leather goods, footwear, furniture (combining steel, wood and glass components and products) as well as weaving. The garments sector has been excluded to avoid duplication of the efforts of the BGMEA Institute of Fashion and Technology (IFT). The project is developing short-courses specifically for the leather footwear and products group for developing supervisors who would ultimately train the factory work force. The 2 full-time German experts will deliver courses. The project has the following facilities.

- a design centre
- a technology centre to improve modes of production
- a centre to exchange ideas on products, design and market trends
- a service centre that offers tailor made methods of payment
- a project team to serve needs in product design.

DTC and JOBS has outlined a plan to assist leather goods sector. Their assistance<sup>2</sup> in Fair participation in Lineappelle in Bologna, Italy and APLF part 1, HK may help the shoe producers to find source of latest footwear components and accessories.

### *Matching Grants Fund (MGF)*

The IDA/World Bank's Matching Grant Facility (MGF) was established in 1999 as a 3 years project and will end in 2002. Its objective is to stimulate competitiveness of export industries and export diversification. It works with 27 consultancy firms to prepare export marketing plans for the companies seeking MGF grants. MGF provides matching grants of 50% of total invoiced cost of a project to buy training and consultancy services for product and market development and diversification. So far, around 453 companies have applied for grants. It is hard to learn exactly how many of them belong to footwear and leather goods subsector, but one MGF consultant estimates that at least 60% of the country's footwear companies have been assisted.

In general, assistance sought by SMEs fall into two categories - training and consultancy. These proposals are a vast resource of sub-sector wise actual training and consultancy needed by enterprises that could provide the foundation for a comprehensive BDS strategy development. Some of the widely sought after training and consultancy are product development, export documentation, quality documentation, MIS, store cum inventory management, skill training for workforce and comprehensive Human Resource Development (HRD).

Footwear producers mostly brought consultants from the Delhi based UNIDO founded Footwear Design and Development Institute (FDDI)

The principal of the BGMEA Institute of Fashion and Technology (BIFT), another beneficiary of MGF, observed that courses offered by the institute are also applicable to leather garments that uses similar design and production process. The institute presently offers 4 years degree courses in garment manufacturing management and pattern cutting and design to 600 students. Management as well as technical aspects are part of the curricula.

### *Job Opportunities and Business Support (JOBS) Program*

Following GEMINI subsectoral studies JOBS took up subsector program. An intervention plan was designed. Ultimately leather footwear was selected as subsector. Subsequently, a footwear specialist consultant pinpointed areas of intervention and JOBS designed a comprehensive export development package program. By using predefined criteria potential exporters are divided into A, B and C category and assistance are designed to suit each category. The objective is to graduate, by 2002, poorly and moderately performing (C and B category) companies to A category. In 1999, some 30 companies participated in 5 fairs – 2 in South Africa (footwear) and one each in USA (home textile), UK (handicraft including handmade paper) and Australia (gift items including small leather goods). It also supports local fair participation. Out of a total of 116

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<sup>2</sup> Before becoming team leader of DTC, Mr. Bouer did consulting work for JOBS on leather goods and footwear.

SME clients, 30 belonged to footwear. These are medium sized companies with 100 to 200 employees.

## **DFID/BEMAP**

This project (will end on early 2002) has a substantial international market access program directed to fair trade producers in the NGO community and selected main stream businesses. It did not assist footwear subsector but provided some assistance to the leather goods produced by the fair trade producers.

## **DFID/DESA**

The project is still on the design stage.

### *Business Development Services Program (BDSP)*

Supported by SDC/Swisscontact the project is active in 7 urban areas excluding metro Dhaka and Chittagong. BDSP works with a portfolio approach and enters into agreements or partnerships with multiple service providers who expand their target market to serve SME or develop new service products for SME. BDSP offers market information, assistance in strategic planning and up to CHF 15,000 for product development including capacity building of providers, short-term expertise, advertising, prototype development, testing and direct marketing, on a cost-sharing basis.

*Donor funds have distorted and are distorting the market for BDS in Bangladesh like in other countries.* As long as donors pay for BDS, commercial buyer – seller – transactions between the industries and service providers do not develop. It is a potential risk for any project designed on BDS principles. Most of the enterprise development donor projects are coming to an end - some will enter new phase and others will phase out. At this moment it cannot be concluded which one will continue and which one will close.

## **6.0 Demand-Supply Constraints**

On the demand side, export directed industries register a higher demand for strategic BDS<sup>3</sup>, primarily because of the strict quality considerations in the international market and the strong need from the entrepreneurs to comply with the requirement for their sustenance and growth. For example, where quality standards are raised and where higher productivity becomes essential for being competitive, skill and higher training for the workforce, supervisors, quality manager, up to middle management becomes more important. The entrepreneurs do also pay for the services in different forms. The machinery suppliers who bundling worker training with machine purchase mostly meet the supply of this demand. The entrepreneurs are bringing in foreign

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<sup>3</sup> The Guiding Principles for Donor Intervention (2001) provides a useful distinction between what is “operational” and “Strategic” services. According to the Blue Book (page 1), “Strategic Services, on the other hand, are used by the enterprises to address medium- and long -term issues to improve the performance of the enterprise, its access to markets, and its ability to compete. For example, strategic services can help the enterprise to identify and service markets, design products, setup facilities, and seek financing.”

experts to assist them in production only. Hardly any information is available within the subsector where a foreign marketing expert has been engaged. However, few entrepreneurs in the home textile sector are reported to have employed subsectoral-marketing specialists from Pakistan. Many entrepreneurs feel that the local service providers are not competent and information about them is hard to find.

On the *supply side*, donor assisted projects are very active and have been supporting two important services, one is market access and the other is skill development. The participants reported a number of benefits from attending fairs.

- *Idea for new product.* Most of the respondents who attended fairs acknowledged the contribution the fairs made to enhance their understanding of what else can be produced. Some of them subsequently picked up new ideas, particularly for small leather items like purses, belts, etc.
- *Quality issues through physical observation.* This was another contribution of attending fairs. All of the respondents viewed their participation in fairs as something, which significantly contributed to their understanding of the quality of the products.
- *Knowledge about competing neighbouring country products.* Information on the products of the competing countries allowed the participants to compare the competitiveness of their products compared to neighbouring countries. Now they seem better educated in terms of pricing of their products.

On the issue of payment, the entrepreneurs generally don't contribute in cash but buy air tickets and bears their accommodation and boarding expenses.

## 7.0 Lessons Learnt and Recommendations for the Next Phase

1. Leather and leather products (including footwear) is a significant contributor to the economy of Bangladesh and deserve continued attention till the subsector could harvest its full potential. Government commitment is reflected when it leveled this as thrust sector and crush program but lacked professional competence to define what is meant by that and its usual policy implications.

*Assist the Export Promotion Bureau to define what a thrust subsector is in terms of fiscal and financial measures and draw up concrete crush programs for the development of the subsector.*

2. Adoption of subsector approach by donor assisted projects has a very favourable impact on the leather footwear and products subsector. However, practice of cost recovery is not very active in their agenda. MGF has a 50% financial participation, however, some form of manipulation by the entrepreneurs to reduce their 50% contribution has also been reported. In some cases exit strategy is either absent or poorly designed. As far as selection criteria are concerned, it seems that the projects don't follow any scientific selection procedure.

*In the event USAID decides to continue assistance to SMEs in Bangladesh, then it would be prudent to continue with the leather footwear subsector. However, to implement BDS it needs to harmonize other service providers in the subsector.*

3. The sector is seriously plagued by shortage of skill at all levels, from floor to management level and from designer, through supervisor to worker level. Country's only specialized institute has recently reorganized itself to be a provider of human resource development service, but lacks capacity on a number of areas, particularly in the design and delivery of short courses at worker level. Collaborating with the public sector institutes has not succeeded in the past due to usual dual ministry problem with the government bureaucracy - the institute is under Education Ministry but industry has to do with Ministry of Industry.

*Instead of creation of new institutions (many of them did not work), directing assistance to capacity building of subsectoral specialist institutions like Leather Institute can be considered another option. Interest and enthusiasm already exists both at the Ministry and Institute level.*

4. The DTC project of GTZ is getting ready to provide the much needed design and supervisor training skill but it is too early to conclude anything now.

*Any future SME intervention may consider forging a partnership with this project. One advantage of the DTC project is that it is run by professionals in the field who have more than 2 decades of trade related experience.*

5. An under developed accessories industry is a serious impediment to maintain competitiveness of the subsector and hold its current growth.

*Commissioning a study that would investigate the potential and problems of this support industry will have a long run influence on the subsector, and therefore may be considered actively.*

## **8.0 Conclusion**

USAID need to continue the pioneering work that it started in the leather subsector in the last decade<sup>4</sup> and may consider supporting the subsector on a number of grounds - one of the very few subsectors where Bangladesh industry has a comparative advantage and design support program with Strategic BDS focus.

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<sup>4</sup> International Executive Service Corps (IESC) provided one of its Volunteers under Industrial Promotion Project (IPP) to the pioneering export oriented Footwear Company.



# **Enterprise Development Assessment**

## **Microenterprise Sector**

S M Rahman  
Micro enterprise Expert



### Report on Micro Enterprise Sector

#### I. Background and Context to Non-loan Microenterprise (ME) Development

- **Characteristics of MEs.** The private sector dominates the MEs. Some NGOs including the leading ones in the country like BRAC, ASA, Proshika and also the Grameen Bank are operating ME Programs to boost income and employment generation. The investment size of MEs varies greatly. It may range from Tk 10,000 to 500,000 in the NGO sector<sup>1</sup>. While, it may extend up to Tk. 2,000,000 in the private sector. There is no formal definition of ME in the country. However, MIDAS - a pioneer in small industries promotion and development regards an enterprise as an ME with Tk.2, 000,000 as total investment. In the private sector, MEs are operated overwhelmingly by men as opposed to women in the NGO sector. MEs operate both manufacturing and service industries with myriad items. MEs in the private sector are hardly provided with any institutional finances or any business support services. In the NGO sector, a very tiny percentage of MEs, which generally operate with graduated clients, is provided with financial assistance along with modicum support services. In the NGO sector millions of loans are provided to clients to carry out various income-generating activities (e.g. small business, livestock, agriculture, fisheries, food processing, cottage industries, transport, etc). Such loans usually range from Tk 1000- Tk 12,000. These loan clients, however, are not provided with any kind of business support services.

The activities that are usually financed by NGOs are agriculture/vegetables & fruits growing/nursery, poultry, duck, goat, livestock rearing, milch cow rearing, fish farming, weaving, rice husking, petty trade/shops, tailoring/purchase of sewing machine, handicrafts/bamboos, cane and jute products making, carpentry/ plumbing/mechanic/barber/washing, puffed and fried rice, rickshaw/van, etc.

- **Background to last decade of non-loan ME development.** Non-loan micro-enterprise services are indeed recent concepts and practices in Bangladesh. In the past, Bangladesh Small Industries and Corporation (BSCIC) used to provide business support services to the very small clients in the form of training, technology, information and promotional services. MIDAS has also been providing various business support services in the form of training, doing feasibility studies, market promotion, accounting and bookkeeping and information services to the MEs. But later, the loan size of MIDAS clients having been gone up, MIDAS ceased to provide these development services to the MEs and its services have thus been restricted to Small and Medium Enterprises (SMEs). Besides, some mid-sized NGOs and the larger NGOs like BRAC, ASA and Proshika have felt the need of providing business development services to their respective graduated as well as individual clients.

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<sup>1</sup> Dewan AH Alamgir, May 1999, Microfinancial Services in Bangladesh – Review of Innovations and Trends

ASA is the fastest growing and a fully self-sustainable MFI in Bangladesh. It has a total of 1,263,736 active borrowers, which consists of 1,207,045 (96%) small borrowers and 56,691 (4%) small business. Its loan range is from Tk 3000-12000 for the small borrowers and Tk 12,000-50,000 for the small business. Given the size of the small loans, generally business support services are not required by them. They can easily manage their trade and usually do not ask for any assistance. But in some cases services are necessary, which are provided to them by the government agencies locally. ASA here works as reference point only. Notably, 60% of the small loans of ASA go to small trading and paddy husking that does not call for any assistance. While for the small businesses, the areas of investment are mostly trading and shop keeping. Due to the very nature of business, business support services are not indeed needed.

BRAC has the largest micro credit program in Bangladesh with 3.4 million members. In the micro credit program no support service is provided. The micro enterprise project of BRAC is called Micro Enterprise Lending and Assistance (MELA) program, which was initiated in 1996 with an objective of stimulating growth in semi-urban and rural areas. This program assists entrepreneurs to access credit to start new ventures or to expand existing businesses. The program also creates wage employment for the poor members of BRAC. The loan range of MELA is Tk. 20,000-200,000. Loans are given to upgraded village organization members and non-members preferably women with entrepreneurial ability. The emphasis is on productive activities and for creation of wage employment. MELA is directed at those who have progressed from poverty to relative prosperity and yet are not able to access the formal lending sectors to finance the further growth of their enterprises. MELA provides credit assistance to entrepreneurs in a range of sectors including: textile enterprises, cottage industries, transport and food processing services, agro-based farming, service and trading sectors. Along side financial assistance, BRAC provides training; follow up, technology transfer, marketing assistance, counseling information services. Business support service is provided at a very nominal fee. These services are producing positive impact on production and income. Apart from MELA, there are other sectors where employment and income generation are being created. These include: fisheries, chicken rearing, poultry, cow rearing, goat rearing, agriculture etc.

Proshika, one of the largest NGOs in the country, has been experimenting with an objective of developing systems of lending to the micro entrepreneurs for the last 6 years. Proshika has a total of 1,112,542 outstanding borrowers as of December 2000. The average loan size of Proshika is TK 3400, which has a maximum ceiling of Tk. 12,000. For the enterprise it varies from Tk 50,000 – Tk 500,000. The areas of investment are traditional activities common in rural Bangladesh that includes petty trade, rearing of poultry and livestock, food processing, weaving etc. A part of the loan is also used in crop production. Also a part is used in consumption. This is the universal phenomenon in Bangladesh.

Besides, micro credit, Proshika provides enterprise loans to its graduated potential clients under the SEED program. The SEED program is completely a new Proshika development approach, which formally started in December 1995. The program essentially turns the graduated group members (the group members who have reached the poverty-free stage) as defined by Proshika's group development policy into small entrepreneurs. Proshika has long been analyzing the dynamics of micro and small enterprise sector of Bangladesh through action research. This is expected to create more employment opportunities for the poor. Up to December 2000 about 468

enterprises have been supported with financial assistance. Proshika's own participatory rural appraisal shows that most of the graduated - 5 group (the group, which has reached the poverty-free stage according to Proshika's group graduation system) like to go for bigger projects with larger investment in the agro-based industries, transportation, small firms, etc. These projects will be managed individually as well as collectively and need financial and technical assistance from Proshika in the form of business planning, market analysis, accounting/book-keeping, etc. Their impact of services is positive, which has increased production, sales and profits. 60% entrepreneurs normally demand support services from Proshika, which are provided by them.

Shakti is a leading mid-sized NGO that principally works in urban slums. It has two kinds of loan clients. One is for general loans and called micro credit clients, while the other is for business loans called enterprise clients. 62,000 active clients were provided with general loans and about 15,500 were provided with business loans. Generally, the loan ranges from Tk. 4000 - 10,000 and enterprise loans up to Tk 50,000. As regards, non-financial services, practically no business development support service is provided to the traditional micro credit borrowers. Notably, during 1994 –1995, limited BDS was introduced in shoe making, simple tailoring and embroidery works but could not be sustained due to lack of expertise and manpower. They also tried to establish market linkage for a very small number of borrowers but later this could not be continued. Shakti has introduced business support services since two years back but has done it a bit intensively in the last year. BDS is provided in two areas viz. (i) business literacy/simple accounting (ii) advanced literacy and accounting. About 2,785 general clients were provided with business literacy/simple accounting training. Shakti received ADB's support to cover the costs. On the other hand, 300 business clients were provided with advanced business literacy and accounting training by JOBS/USAID. Shakti also provides very limited business support services to enterprises with Sonali Bank's financial assistance under SDC guarantee financing.

World Concern is an International NGO. It implements both micro credit and micro enterprise programs. The size of micro credit ranges from Tk. 5000-18000. About 1000 borrowers are covered under micro credit program. The size of micro enterprise ranges from Tk. 5000-300,000 and 2100 borrowers are covered under this program. It operates a project called Women's Small Business Assistance Center (WSBC) and a Pisciculture project. The objective of WSBC is to increase employment for the urban businesswomen to increase profitability of their enterprises and improve the management skills of the poor businesswomen by providing them access to credit, training in management, accounting and marketing, onsite supervision, counseling and disseminating business information. World Concern builds staff to provide professional service to the micro entrepreneurs. They do not however hire any services from external sources. But they buy services from organizations like BASC, BRAC, TARD, CARE, Bangladesh and the local training institutions. World Concern does not charge any fees from their clients for the services rendered to them. They have observed that their interventions through non-financial services helped expanded their business, employment and profits and created awareness, above all, to mobilize local resources to boost up their businesses.

PKSF is principally an apex financing organization in Bangladesh. However, it is not just a lending institution, it also provides various supports for the institutional development of its partner organizations (POs). As of December, 2000, it has funded 195 POs<sup>2</sup>. PKSF does not

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<sup>2</sup> CDF Statistics, Vol -11, December 2000

provide support to grass roots NGO clients but its partner organizations. For micro credit, its supports include, accounting and audit system, MIS, field worker training/group management and loan disbursement and recovery system.

PKSF is going to provide financial and other support services to the graduated clients of NGOs for setting up enterprises within the range of Tk 20,000-100,000. To avail of this opportunity, the micro credit borrowers will have to have three years minimum experience with entrepreneurship potential and the ability to expand its activity. It is planning a series of measures to support enterprises. The support services include professional training, technical assistance (all areas have not been detected yet), how to select borrower, carry out business analysis, designing evaluation format, overall business evaluation in order to determine loan fund, preparing cash flow statements, information service, documentation of case history of partner organizations with respect to credit behavior and on-site consultancy. In-house staff and external organizations will provide these support services.

Helen Keller International (HKI) provides technical assistance, training, agricultural supplies and management support to partner NGOs. Each NGO is supported to establish Village Nurseries, which then provide seeds, seedling and saplings for sale for homestead gardens. The Village Nurseries serve as a focus for community support, to demonstrate agricultural methods, and to provide practical training for nursery holders, the leaders of NGO women's groups and household gardeners. The majority of village nurseries are run as small enterprises and 80% have made profit. Households, which practice homestead gardening, have been found to make up to Tk. 300 a month by selling produce, most of which is used to buy food. Home gardening is thus a self-sustaining microenterprise as well as a source of income to improve the nutritional status of the family. Since 1993 HKI has collaborated with 51 NGOs to work in 210 of 460 thanas (46%) in Bangladesh under the NGO Gardening and Nutrition Education Surveillance Project (NGNESP). The project started in 1993 after a pilot study. It has received support from USAID, NOVIB and HKI. A total of 811,000 households have participated in the project, which has benefited an estimated 4.5 million people. The lessons learned during the development and expansion of the community-based project are:

- Increased production: the project has successfully increased the variety of indigenous and common vegetables grown by households. It has shown how varieties of vegetables can be grown throughout the year.
- Increased vegetable consumption: the project has shown a home garden that is productive throughout the year can lead to an increase in the frequency with which foods rich in precursors of vitamin A are consumed by people in poor households. Experience has shown that any income from selling the produce is generally used to buy other foods. A village nursery is a low investment commercial enterprise that has the potential to become commercially viable.

MIDAS is a microenterprise promotion and development agency. USAID has been supporting MIDAS since its inception. From the very outset it had been providing a package of both financial and non-financial services to promote enterprises. MIDAS has been providing BDS since 1981(in a limited way at the beginning) along with lending in SME. But of late, it has been

fully transformed into a full-fledged BDS provider. Legally, MIDAS is a company now not for profit. It provides BDS in the field of garments, textiles, leather, handlooms, knitwear, electronics, food processing, poultry, chemicals, Medicare, hotel, etc. It does not however provide BDS to micro enterprises. Most demanding areas of its services include garments, leather, food processing and Medicare products. Its clients includes SMEs and covers private firms/individuals, medium and large NGOs, international NGOs, public sector projects or agencies (Ministries, BRDB, corporations, holding companies) and donors.

The services that MIDAS provides include training, study/research, consulting, technology transfer, information services, counseling, marketing assistance, market promotion (through trade fair) and market outlet development. Of the aforesaid services, the following are the coverage in terms of revenue that tells us about the significance of some BDS: training (40%), consulting (30%), information services (15%), technology transfer (10%) and marketing assistance/trade fair/ market outlet development (5%). Notably, the training market of MIDAS is still donor based.

Their revenue is increasing over the years. It is due to the fact that the private sector is growing rapidly, privatization is gradually taking place and joint venture projects are also coming in. The services are demand driven and in no way are imposed by it. MIDAS follows a mixed policy of full cost pricing as well as subsidized pricing. They charge full costing for consulting business and subsidized pricing for training, technology transfer and information services. Their operational self-sufficiency is now learnt to be 80-90%, which was 60% three years back. So this is an example of successful BDS provider.

In the past (until 1994) MIDAS procured services from CESO (Canadian Executive Service Organization), a Canadian based organization to assist the local entrepreneurs. However, since 1995, it has been utilizing the services of NMCP, a similar organization (Netherlands Management Cooperation program). Significant number of services was availed of them by the local entrepreneurs.

Their BDS have proved to be effective in that the product/service quality considerably improved and the management competency and quality also enhanced to a great deal. This indeed resulted in increase in production, sales and profits. The employment situation also reasonably increased. A scenario of last three years' revenue generation indicates clearly a rising trend of BDS provided by MIDAS. Revenue in FY 2000 (Tk 7 million) has increased 100% compared to FY 1998 (Tk 3.5 million).

As gleaned from them, the clients are satisfied with regard to the services; they received, which is evident from their repeat service purchase. As regards the price of the services, the clients are not fully prepared to pay the full price as the BDS recipients have been used to subsidized services. However, the trend is positive. The BDS providers include the private sector (MIDAS, BASC, TRIN), the public sector (BSCIC) and the donor funded projects (SWISS Contact, JOBS, GTZ).

There are some constraints in the development of BDS market. It is due to the fact that the market is newly growing. On the other hand, donors' subsidized services are affecting other

providers. Consequently, they are compelled to undercut prices to sell their services. But the most interesting thing is that the market and scope of BDS is growing and simultaneously the number of providers is also rising.

As discussed earlier, the NGOs usually provide tiny loans to carry out various income generating activities as an additional source of income. For these activities, no support service is provided. The scaled up loans sometimes carry support services, given the nature of microenterprises.

The NGOs broadly provide the following services to their enterprise clients:

- Entrepreneurship development training
- Enterprise feasibility
- Technical training
- Managerial training
- Financial management
- Marketing assistance

## **II. Demand for Business Development Services in ME**

There are more than 1000 microfinance NGOs operating in the country. A few NGOs working in the microenterprise field do however provide BDS for their beneficiaries. Broadly, the services are imposed by the NGOs. However, the services are sometimes self-driven as reported by some NGOs e.g. ASA, BRAC and Proshika who provide the services when these are asked for. In the NGO sector, BDS is being provided, for which practically they do not charge any fees from the beneficiaries. Sometimes, very nominal fee is taken as reported by BRAC. The picture is slightly different in the private sector i.e. the commercial sector, where the private sector is providing BDS in terms of entrepreneurship training supported by donors. In this context, they are charging token fees from the beneficiaries. Candidly speaking, there is still no tradition of buying BDS among the MEs. The NGOs that provide limited BDS in terms of training and business development clearly do it as part of the program and not from any loan proceeds.

The NGOs are indeed providing BDS free of charge. In case they should decide to charge fees, they may partially impose fees in the short run. However, in the private sector, entrepreneurship training has been provided with minimal fees that do not cover costs.

There are a host of sub-sectors, where services are mostly demanded by MEs. These include poultry, livestock, food processing, agro-based industries, dairy, chemicals, handicrafts, leather shoes and products etc.

In general, NGOs are interested to receive BDS to cater to the needs of their clients. World Concern has purchased training for its staff from BASC. It has been learnt that YPSA, Ghashful, Uttaran, Buro, Tangail, and Shakti have provided training to the beneficiaries under the JOBS sponsored program.

The NGO beneficiaries who were talked to at the field level appreciated the BDS that were provided to them. They have exhibited their willingness to receive similar services in the future, which would promote their business.



The NGO beneficiaries so far did not pay anything for the services rendered to them. Their food and lodging costs were borne by the sponsoring NGO. However, in the private sector, clients were learnt to have spent Tk 300 for a training course of 3 days' duration. The existing and new beneficiaries are seemingly willing to pay reasonable amount of fees affordable by them. There is a growing demand of training and development services among the clients of NGO and private sector. But there is an extreme dearth of business development service providers in the country though the number of providers is rising at slow pace.

There is no denying that BDS concept has eventually emerged from the donors. The main BDS providers were indeed created with the donors' patronage, as for instance, ECOTA Forum, MIDAS, BASC, JOBS, ATDP, SWISS Contact etc and Microfinance Development Center of CARE INCOME Project-III. However, with the passage of time, some private institutions have emerged and have been providing services.

Generally some surveys are understood to have been carried out by some NGOs and problems have been identified being encountered by them. Sometimes, needs identification are done internally in view of their long experience dealing with the micro entrepreneurs. Based on these, solutions are usually offered. In case, where solutions cannot be made, references are made elsewhere, where such services could be obtained. ASA sometimes provide similar services. It has been learnt that the beneficiaries are not provided with enterprise loans in any branches, unless it has appropriate staff with expertise in that branch to provide such services. This situation is happening in case of BRAC.

While designing a project, the donors made the needs assessment and the participating NGOs also perform the same. So far the scenario has been that the service providers have borne the costs of TA and training of the beneficiaries. TA or training has been understood to have the strongest demand in capacity building, marketing and product development, among others.

The private or the commercial sector as opposed to rural and semi-urban area dominates urban area. NGOs have preponderance in the rural areas. In the urban areas, the micro entrepreneurs regardless of sectors are generally skilled and equipped with better knowledge to run their enterprises. The sales turnover is also higher in the urban areas compared to the rural or semi-urban areas.

### **III. Supply for Business Development Services in ME**

There are both private and NGO sector providers of BDS for ME in the country. The NGOs, in fact, cater to the needs of their own beneficiaries.

The providers of BDS include the following:

- The larger NGOs like BRAC, ASA and Proshika who themselves provide BDS for ME.
- Donor assisted institutions like BASC, MIDAS (once USAID funded), ECOTA forum
- Donor assisted programs like JOBS, ATDP-II, SWISS contact
- Some private sector initiatives

Very negligible number of organizations in the private sector is known working as ME service providers. The business associations also do not provide any service to MEs. BDS providers to

MEs in the country are relatively new. Except MIDAS, there is no organization ever heard to have become sustainable. MIDAS has long years of experience in the field and reportedly has attained nearly 100% operational sustainability through charging fees. To provide BDS to MEs, noticeably there are still no formal institutions. INCOME Project-III of CARE, Bangladesh, supported by DFID, has set up a Microfinance Development Center in 2001 in Dhaka that is rendering support services particularly training to all institutions, say NGOs, cooperatives and commercial or private institutions. Steps are underway to develop a market and financial feasibility of the aforesaid institute. The market of BDS being at nascent stage, it is taking considerable time to generate the intended revenue to cover costs. From the past and current experience it can be safely said that sustainability for BDS would be a long - term issue in market conditions now prevailing in Bangladesh. Examples are very rare that a sole BDS provider that survived here after financial support was withdrawn. Despite series of constraints, the market of business development services in the microenterprise field is growing slowly. There has been realization among the NGOs that to perform better and to stay in the business, their capacity has to be developed both professionally and institutionally. The NGOs are spending a good amount of money for training, seeking advice on marketing and technical assistance, etc, from their own sources. There are many NGOs that spend Tk 8000 on an average for a week- long training course. CARE, Bangladesh conducts huge number of training with relatively higher fees. What discourages the management is the palpable difficulty to retain the staff, who very often leaves the organization after having the training. The NGOs providing both financial and non-financial services generally do not separate these. They provide these services from a common fold. In some cases these services are packaged together. The businesses have hardly any options to choose one and decline another. BDS have displayed notable successes in certain areas requiring professional and technical expertise.

JOBS<sup>3</sup> is primarily a TA development project, which is training and facilitation driven. It provides a series of interventions and training to all its various programs. In all program activities i.e., SMME, policy, training plays a primary role that is followed by a series of activities to ensure proper and effective implementation and maximum benefits towards expected results. Thus the wider role of the training aspect of JOBS is to extend technical assistance to the recipient organizations and institutions and their clients through specific program or component teams.

The business plan provides an account and overview of activities and the measured achievements for the JOBS's project. The project will continue in its final year to focus on activities to enhance the following three of USAID's intermediate result areas, as they relate to SO5:

- More market-oriented policies, laws, regulations and practices including the GoB, NGOs, institutions (banks, chambers, etc) and the private sector.
- Stronger business support institutions and /or organizations that will function as a business development service (BDS) serving the needs of a targeted client group.

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<sup>3</sup> JOBS/IRIS, Project, Work / Business Plan, Year 5, FY2002

- Improved performance of selected enterprises in targeted sectors including improvements in marketing, production, finance and sales generation.

The entire project is focusing much more on developing and facilitating mechanisms and processes that will spur and support economic growth rather than on individual enterprises. The other primary shift will be toward emphasizing quality over quantity.

The plan addresses three major areas:

1. The overall impact of the project at a glance, which will provide a good idea of what have been accomplished, overall impacts and lessons learned to-date.
2. Description of specific programs and/or sector analyses, which will provide justification of the strategy JOBS has followed so far. This includes quantitative achievements and impacts of the activities.
3. The third part and most important part deals with work plans for next year. It highlights strategies, time frames, and budgets for each of the programs and answer common questions on the plan.

The major emphasis in this plan is given not only to maximizing impacts and making a difference to Bangladesh but is based on the real field and market situation. The project's six major development and TA programs include:

- Small & medium enterprise (SME)
- Micro policy & marketing linkages
- Macro policy – EC & ICT
- Micro enterprise (ME)
- Macro policy – Access to credit
- Training

Achievements by program: *Micro enterprise development program.*

The micro enterprise development program works directly with NGOs to create micro entrepreneurs and assist existing micro enterprises to expand their businesses. The emphasis is on creating wage-based employment through increasing productivity and creating sustainable job opportunities for households, most living below the poverty line. Activities in this program entail working with local NGOs / MFIs to deliver need based technical assistance to established businesses. The major objectives of the program include:

- Enhance business management capacity of grass-roots entrepreneurs
- Develop enterprise development workers (EDWs) as a resource base for NGO stakeholders.
- Develop entrepreneurial counseling and motivational capacity of the EDWs
- Create sustainable waged-based employment in rural areas
- Increase production and sales of the assisted MEs

- Improve the quality and services of the assisted MEs
- Increase the capital of the assisted MEs
- Find/expand markets for the products of the assisted MEs
- Establish the enterprise development concept among the NGOs/MFIs involved in micro-lending activities

The program has been able to increase the awareness and demand of regional NGOs/MFIs for more inclusive development activities. The program has also been acknowledged for its outstanding support services and TA that enhanced growth and sustainability among the recipient MEs.

The project has successfully established this strategy among the NGOs/MFIs stakeholders, which are the direct customers of its ME program intervention. Based on this strategy, five new NGOs/MFIs were selected as program-implementing stakeholders in the fourth year of JOBS and the third year of ME interventions. The ME program has successfully met its key objectives and improved the management ability of the assisted MEs. In addition, it has also incorporated the JOBS-ME development approach/strategy among NGOs/MFIs.

#### *Micro policy & market linkage program*

Micro enterprises tend to be those that have either developed as a micro credit recipient of MFIs or are initiated by their own capital, ranging from Tk 10,000- 30,000. Nationwide, the micro credit programs of MFIs have produced thousands of MEs over the last two and a half decades. But the objective of raising sustainable family income through the extension of micro credit /finance has not been realized due to an assortment of factors that have hampered the growth and performance of MEs. Some of the major factors contributing to this dilemma are lack of access to technical knowledge and skill, markets, pricing, greater capital and availability of local resources and services.

During the last couple of years, the project has provided technical assistance in the form of enterprise development and business management (EDBM) and need based professional skill training to thousands of MEs and a considerable number of MFIs. This resulted in tremendous success in terms of growth in production; however, it presented another problem for MEs. Due to lack of expected assistance from lending NGOs/MFIs regarding external market linkages, producers were soon competing with other ME producers in the local market. This not only drove local prices down but also provided the middlemen who buy and sell these products to external markets with higher profits. As a result, the expected objective to ensure sustainable growth in income did not occur.

Noting the extreme difficulty of marketing products of MEs out of their normal markets, coupled with restrictive grass-roots business practices by NGOs, the private sector and commercial institutions, the micro policy and market linkage program was formed in November of 2000.

Through extensive research, the program team realized that individual MEs could never make sustainable market linkages until or unless they worked in a group or Association. This also applied to overcoming the difficulties in marketing and fair pricing and taking advantage of opportunities for further growth and expansion. As for instance, the success of the Association of

milk producers in Roygonj and of pineapple growers in Modhupur has encouraged the program to go forward with the strategy of producers' Associations for effective expansion and growth of MEs.

*Impacts by program: Micro enterprise development program*

The micro enterprise development program is a major aspect of JOBS and consists of diverse actions, including design and operational interventions and monitoring and evaluation of training and TA activities.

However, the following are qualitative and strategic impacts resulting from activities initiated by the micro enterprise development program.

- Sustainable growth of MEs
- Linkages with producers and buyers established
- Sustainable capital developed
- Monthly sales increased
- Wealth creation
- Transition of IGAs to MEs
- The EDBM modules well accepted by NGOs/MFIs
- Management proficiency of MFIs and EDWs improved
- Developed entrepreneurial attitude/culture
- Human resources developed
- Established cost sharing and joint management approach
- Establish the ME development model approach
- Environment created for MEs to become wage-based employers.

*Micro policy and market linkage program*

The micro policy and market linkage program is a new aspect of JOBS. Within a short period the program team has made significant contributions in shaping policies and strategies. This impact has not only been within the project but also in the marketing strategies and networks involving NGOs and commercial institutions. The following are the major contributions of this program:

- Assistance in modifying the implementation process, criterion, mode of partnership, focusing on productive sectors, etc.
- Helping to identify necessary changes in the training modules through inclusion of mobilization of local resources and services
- Institutional financing directly to MEs/ssociations brought into practice.
- Inter banking transactions for financing MEs/Associations in rural locations established
- Process of institutional financing to small NGOs began in Chittagong
- Collaboration among banks, MFIs and the chambers of commerce in Chittagong started

- Disseminated the concept of cooperative marketing as a successful model for sustainable economic growth and poverty alleviation among MFI practitioners and representatives from 25 countries and several large international donors. Most participants have expressed interest in following the JOBS model in their country programs.
- Three regional organizations have instituted the Association concept. They are organizing a forum with 15-20 MFIs to expand this concept in the region with technical guidance from the JOBS.

Lessons learned, Challenges AND future direction by program:

*Micro enterprise development program*

During its first few years, the program provided a wide range of learning to foster constructive changes in the manner in which NGOs viewed their recipients, particularly in the areas of program planning and approach. Most of these focused on ways to make the program more acceptable to the communities in which they operated. The following steps were taken last year to make each of the program's stakeholders/NGOs most responsible for the impact of their activities and to maximize impact to ME recipients.

- Ownership of the program by the stakeholders
- Participatory program planning and implementation
- Stakeholders should have a financial contribution to the program implementation
- Stakeholders should have a common objective
- Sector concentration (target production related MEs)
- New stakeholders identification
- New regional identification
- Timely program delivery
- Stakeholders should follow the ME development model approach of JOBS

Increasing involvement in NGO program activities enabled the project to achieve its ultimate objectives and targets. Being fully involved in program designing, planning and achievement of benchmarks previously unmet.

By increasing its direct involvement in all activities and NGO implementation, the program operated in a much more cost-effective manner.

*Micro policy and market linkage program*

The major lessons learned include the following:

- Most small and medium size MFIs are willing to change policies and strategies to adopt the JOBS strategy of TA through promotional activities for MEs.
- Many larger MFIs are hesitant to adopt the JOBS philosophy for fear of losing their financial and commercial market.

- Continuation of JOBS initiated programs by forums or other means have a realistic chance of significantly alleviating poverty and generating employment within MFI communities.
- Associations of producers can be a significant means of growth, expansion of business and sustainability of market linkages. In addition, they can open new avenues allowing access to essential support services needed for further growth:
  - Access to institutional finance
  - Access to wider markets
  - Access to public services and supports
  - Access to technical assistance
- The forum is expected to work as a mini JOBS to continue supporting MEs
- Bringing commercial banks into rural financial markets through Associations and utilizing regional-based, proactive MFIs as intermediaries will bring significant changes in the attitudes of larger MFIs in terms of lending policies and interest rates.
- Sustainability of any productive initiative depends on efficient use of available local resources and linkages with complementary efforts of others.

ATDP<sup>4</sup> played a leading role in transforming attitudes toward agribusiness in Bangladesh. The project demonstrated the opportunities for commercial agriculture and encouraged a first generation of agro-entrepreneurs to explore new paths and opportunities. Results have exceeded expectations. Under the auspices of the Ministry of Agriculture with funding by USAID and implemented by IFDC, the ATDP is widely regarded in Bangladesh as a beacon for agribusiness development. Begun in 1995, the project aimed to increase productive employment in agriculture and related enterprises through the creation of competitive markets for agro-related inputs, outputs and technologies. Objectives included policy reform, free flow of capital and technology, diversification and intensification of crop production and poverty alleviation. The project aimed to encourage market driven technology development and transfer and to provide agro-entrepreneurs with information and access to credit. The achievements of the project flow from a strategy that delivered a holistic, integrated package of services to agribusiness and capitalized on partners to multiply impact. Lessons learned through ADTP may provide valuable guidance for the successor projects and for interventions by others. These include:

- An integrated, reinforcing package of assistance to entrepreneurs over sufficient time critical to fostering agribusiness growth in Bangladesh. Programs must be demand-driven, customer-oriented, hands-on, flexible and aimed at sustainability.
- There should be focus on commodity chains and on constraints throughout the production, processing and marketing systems.
- The private sector and their trade associations are effective channels to transmit technology and to improve policy, regulatory, food safety and marketing regimes.

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<sup>4</sup> ATDP, Project completion report, August 31, 2000

- Policy reform involves an approach that includes solid analysis and continuous dialogue.
- Banks, NGOs and government agencies can help leverage resources and outreach.
- Progressive enterprises are critical to building linkages and institutional capacity.
- Tangible results produced early will stimulate demonstration and multiplier effects.
- Tailored business and technical support are generally required along with access to credit to develop solid and sustainable agro-enterprises.

WEDP<sup>5</sup> was a sub activity under USAID's Rural Industries project and managed by the Bangladesh Small and Cottage Industries Corporation (BSCIC). It aimed at improving the status of rural women by developing women entrepreneurship. WEDP in addition to providing credit to clients, extended training, research and advisory services to improve the quality of program administration. USAID funded one third of the WEDP loan program and provided operational costs relating to transportation, training and salaries of resource persons at the field level. The Bangladesh Krishi Bank (BKB) and the Rajshahi Krishi Unnayan Bank extended banking facilities and provided match loan funds equal to twice that of USAID's.

The WEDP was last evaluated at the end of 1986. The evaluation noted that the overall impact of the project was positive and that further improvements could be made within the general project framework. Continued USAID support was therefore recommended. This evaluation sought to measure WEDP progress, since then, in both qualitative and quantitative terms.

The evaluation focused on three basic areas – implementation of the loan program, entrepreneurship and enterprise development, and improvement of living conditions of the clients. WEDP has been generally successful in implementing a credit program for women and has contributed to increased family incomes. It has however not been able to aggressively promote women entrepreneurship. The potential of this exists within the WEDP structure but is limited due mainly to minimal headquarter support.

More specifically, it was found in terms of entrepreneurship development:

- Client identification had improved considerably in the last 2 years. Most new clients were rural disadvantaged women involved in family enterprises.
- There had been no improvement in management in increasing the number of women managed enterprises. Even in good centers only a fifth of the enterprises were women managed. Many clients were still uninvolved with the funded activity.
- Clients received training in management and technical skills. Management training was of two-day duration and involved instructions in basic management and accounting.

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<sup>5</sup> Syed M. Hasemi (June 1989): Credit for Rural Women: An Evaluation of the Women's Entrepreneurship Development Program.



However, since no continuous follow-ups existed clients gained little from such training. Skill development training had however helped many clients initiated business activities.

- Family incomes had increased but by absorbing under-utilized family labor. The majority of WEDP funded enterprises had negative rates of returns. Expansions through employing labor were not deemed possible since that would entail financial losses. Additionally, the nature of the funded enterprises (traditionally cottage industries) restricted expansion through additional capital re-investments. Hence current WEDP enterprises were incapable of making the transition to micro enterprises, let alone small industries.

#### **IV. Recommendations**

Almost all enterprises surveyed are gathered to have been facing problems particularly in accessing institutional finance; marketing of products, product development, costing and pricing and information services despite the fact that their sales turnover is increasing over time. It has been found during the survey of 40 microenterprise that the NGO beneficiaries are willing to participate in more training courses. They are even willing to make partial contribution for this purpose. While the micro entrepreneurs in the commercial sector positively feel the importance of training and other business development services but at the same time they are hesitant to spare their valuable time. They maintain that a staff after having training has every chance of leaving the job with a better offer. So they tend to discourage training for the staff as this creates problems for the enterprises. They are also willing to pay for training if it is an affordable amount.

During the course of the assessment, a few things have become abundantly clear. The promoters of the enterprises significantly lack skills, technical assistance and skill development at variety of levels, which needs to be addressed. The country's MEs lack access to credit; somehow, banks and other commercial lending sources need to be convinced that small businesses can be creditworthy clients. Small businesses likewise need access to wider markets with alternatives to using profit-diminishing interference of middlemen. The NGOs and the beneficiaries should be supported in sector specific areas. There is enormous scope to develop sub-sectors like poultry, fishery, livestock, dairy, fruits production etc and horticulture/home gardening as these have ever-increasing local demand. Simultaneously, community based professions can be supported and promoted (e.g. fishing, pottery, carpentry and weaving, etc). The practice of creating resource base by JOBS where the NGOs can play a sustainable role in promoting and developing enterprises is remarkable and is producing good impact. The role of ATDP is a big milestone in causing a revolutionary shift in attitude about agriculture. The JOBS and ATDP strategies have been proven successful and effective and can essentially work in future ME Projects. While designing ME project we need to be careful that ME and SME project should be kept and manned separate as these have different characteristics. However, to have a breakthrough in the microenterprise development, more needs to be done in the following area:

- Developing producers' Association with regard to ME to function independently
- Establishing cooperative marketing concept.

- Bringing commercial banks into rural financing
- Developing a working relationship between banks and MFIs to support high potential MEs for growth and expansion.
- Creation or linking with existing BDS providers in the private sector to cater to the needs private sector firms.

Enterprises both in the farm and off-farm sectors should be provided support for balanced development. Services may be channeled both through NGOs and the private sector firms. The services should be delivered through NGO as intermediary who are close to their clients and understand them better.

## ANNEX X

### Twelve BDS Agencies of Current High Repute

Name of agency or institution	Category	Geographic locations of office or concentration of services	Concentration on ME or SME	Training and other BDS for which they are best known
Bangladesh Institute of Management (BIM)	GOB	Dhaka	MEs and SMEs	<ul style="list-style-type: none"> <li>• Business Management and HRD</li> <li>• Business management consultancy</li> </ul>
Matching Grant Facility (MGF)	GOB/World Bank	Dhaka	SMEs	<ul style="list-style-type: none"> <li>• Market promotion, especially on export market linkages and development</li> </ul>
Small and Cottage Industries Training Institute (SCITI) / Industrial Service Center (ISC): under Bangladesh Small and Cottage Industries Corporation (BSCIC)	Public	Dhaka; but it has ICSs in different districts throughout Bangladesh, through which it provides support services to the clients	MEs and SMEs	<ul style="list-style-type: none"> <li>• Entrepreneurship Development (CEFE-NBC)</li> <li>• Industrial development</li> <li>• Feasibility study</li> <li>• Land allotment</li> </ul>
IBCS- PRIMAX	Private: for profit	Dhaka	MEs and SMEs	<ul style="list-style-type: none"> <li>• IT training</li> <li>• Software like "Oracle" database</li> <li>• Software production</li> </ul>
RAPPORT (Bangladesh)	Private for-profit	Dhaka	MEs and SMEs	<ul style="list-style-type: none"> <li>• Business management (general)</li> <li>• Marketing management</li> <li>• Capacity building</li> </ul>
Training, Research and Information Network (TRIN)	NGO	Dhaka	Mes	<ul style="list-style-type: none"> <li>• Capacity building</li> <li>• Research on entrepreneurship development</li> </ul>
Business Advisory Services Center (BASC)	Private: Not for profit	Dhaka	Mes and SMEs	<ul style="list-style-type: none"> <li>• Agro-based training</li> <li>• Business feasibility study</li> </ul>
Micro Industries Development Assistance and Service (MIDAS)	Private: Not-for-profit	Dhaka; but it has units/branches in division level like Chittagong and other district headquarters	Mes and SMEs	<ul style="list-style-type: none"> <li>• Entrepreneurship Development (CEFE- NBC)</li> <li>• Micro-finance management</li> <li>• Small business planning</li> </ul>
Job Opportunities and Business Support (JOBS)	Donor project	Dhaka; but it has scope to extend its services throughout Bangladesh through its partner organisations	Mes and SMEs	<ul style="list-style-type: none"> <li>• Entrepreneurship Development</li> <li>• Export promotion for SMEs</li> <li>• Capacity building</li> <li>• Skills training</li> </ul>
INCOME / Micro Finance Development Center (MFDC) : under CARE-Bangladesh	NGO	Dhaka; but it has scope to extend its services throughout Bangladesh through its partner organisations	Mes	<ul style="list-style-type: none"> <li>• Entrepreneurship Development (CEFE- NBC)</li> <li>• Micro-finance management</li> <li>• Small business planning</li> </ul>
EKOTA Forum	NGO (donor supported)	Dhaka	Mes and SMEs	<ul style="list-style-type: none"> <li>• Textile and Handicrafts based training</li> <li>• Product and design development</li> <li>• Export assistance</li> </ul>

CHEMONICS INTERNATIONAL INC.

Business Advisory Services (BAS) / DCCI Business Institute (DBI): under Dhaka Chamber of Commerce and Industries (DCCI)	Business Association	Dhaka	SMEs	<ul style="list-style-type: none"><li>• Industry related management and financial training</li><li>• Business counselling</li><li>• Industrial advice (setting industries, expanding industries)</li></ul>
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# **Helen Keller International, Bangladesh**

## **NGO Gardening and Nutrition Education Surveillance Project**



*The NGO Gardening and Nutrition Education Surveillance Project (NGNESP)* is a collaboration between Helen Keller International and over 50 national and international government and non-governmental organisations. The aim of the project is to increase the production and consumption of vitamin A rich vegetables and fruits by poor rural people in order to eliminate vitamin A deficiency.

The Project was started in October 1993 after a pilot study and has received support from the United States Agency for International Development (USAID), the Netherlands Organization for International Development Cooperation (NOVIB), and Helen Keller International (HKI). The current work of the NGNESP is supported by USAID and NOVIB.

### *Rationale for homestead gardening*

Fruits and vegetables are often the only source of micronutrients in the diet of poor people. Even though poor householders may only have a very small plot of land it is nevertheless possible to grow many varieties of fruit and vegetables to help meet nutritional needs for micronutrients, including vitamin A. Using simple methods based on traditional gardening practices and a wide variety of plant species, home gardens can produce fruit, vegetables, trees and spices throughout the year for home consumption and for sale. An association has been found between the number of varieties grown in homestead gardens and the consumption of vegetables and fruit, and this can lead to a greater intake of vitamin A and its precursors. Experience has also shown that any income from selling produce is generally used to buy other foods.

Homestead gardening programmes can strengthen community development, empower women, and improve economic growth among poor rural people. As well as improving household food security, homestead gardening has the long term potential to reduce dependence on the need for vitamin A supplements.

### *Objective*

The main objective of the project is to reduce the prevalence of vitamin A deficiency among poor people through the production and consumption of vitamin A rich vegetables and fruits throughout the year in homestead gardens.

### *The project*

HKI provides technical assistance, training, agricultural supplies and management support to partner NGOs. Each NGO is supported to establish Village Nurseries which then provide seeds, seedling and saplings for sale for homestead gardens. Each NGO usually sets up 60 to 70 village nurseries per thana (sub-district), each with a minimum area of 600 square metres and serving several villages. The Village Nurseries serve as a focus for community support, to demonstrate agricultural methods, and to provide practical training for nursery holders, the leaders of NGO women's groups and household gardeners. The majority of village nurseries are run as small enterprises and 80% have made a profit. Households which practice homestead gardening have been found to make up to Tk 300 a month by selling produce, most of which is used to buy food. Home

gardening is thus a self-sustaining micro-enterprise as well as being a source of income to improve the nutritional status of the family. In 1998 a nutrition education component was added to the project and is now being implemented in all newly recruited thanas.

Since 1993 HKI has collaborated with 51 NGOs to work in 210 of the 460 thanas (46%) in Bangladesh. During this period 141 Central Nurseries have been established in sub-districts and 8,546 Village Nurseries, mostly run by women. A total of 811,000 households have participated in the project which has benefited an estimated 4.5 million people. Since its inception the project has trained 622 NGO staff and 8,546 Village Nursery holders. A total of 174 agriculturists, 388 extension workers and 60 nutrition workers have been trained in horticulture, nutrition and communications.

The NGNESP is currently working in 90 thanas covering nearly 200,000 households and 1 million beneficiaries, and in 2000 will produce an estimated 38,000 metric tons of vegetables.

The model of the NGNESP is now being taken up more widely:

- 3 of the largest NGOs and about 40 smaller NGOs have incorporated home gardening as an integrated part of their development activities in health, nutrition and agriculture;
- the Department of Agricultural Extension of the Ministry of Agriculture has adopted the model developed by the NGNESP;
- the principles of implementing a homestead gardening programme are being taught by the Rural Development Academy in Bogra;
- the Bangladesh Integrated Nutrition Project (BINP) supported by the World Bank has adopted the model to promote household food security in 40 thanas;
- and homestead gardening programmes are being developed in Cambodia and Nepal to improve micronutrient intakes and promote household food security.

*If you would like further information on HKI's work on homestead gardening please contact:*

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## ANNEX CC

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### BBS Survey Universes

#### BBS Survey Universes

**Table 1: Number of units covered, Economic Census 1986**

Major economic activity	Number of units covered
Manufacturing:	
10 workers or more	26,446
Less than 10 workers	504,975
Total	531,421
Household and retail trade	1,051,954
Finance, insurance, real estate and business services; restaurants and hotels	59,011
Community, social and personal services	526,392
<b>Total</b>	<b>2,168,778</b>

**Source:** Bangladesh Bureau of Statistics, Bangladesh Census of Non-Farm Economic Activities and Disabled Persons-1986, November 1989, page 17.

The listing includes, name, address, principal product(s) or services produced, and disaggregated employment information. Employment information was classified into: full-time, part-time, unpaid, and self-employed.

**Table 2: Number of establishments covered in CMI, 1991-92**

Classification	Stratum	Number of establishments in the census frame	Number of establishments in the sample frame	Enumeration coverage (in %)
Large scale manufacturing establishments	I (With 50+ workers)	4,773	4,773	100
Medium scale manufacturing establishments	II (With 10-49 workers)	12,711	2,860	23
Handloom establishments	III (With 10+ workers)	8,962	2,250	26
Total		26,446	9,883	38

**Source:** Bangladesh Bureau of Statistics, Report on Bangladesh Census of Manufacturing Industries (CMI), 1991-92, March 1997, page 8.

## ANNEX AA

### List of Significant MFIs Providing Non-financial Services

Serial	Name of the MFI	Type of MFI	Type of non-financial services provided to the clients [Yes / No) = Y/N]				Comments
			Technical Assistance	Marketing	Counseling	Information/ referral	
01	ASA	National	N	N	N	Y	The MFIs cater services to their own beneficiaries. However, BRAC, Proshika and RDRS provide a wide range of BDS to their direct and indirect beneficiaries. Generally speaking, the beneficiaries of these the MFIs are not required to seek assistance from any external sources
02	BRAC	National	Y	Y	Y	Y	
03	BURO- Tangail	National	Y	N	Y	Y	
04	CARITAS	National	Y	Y	Y	Y	
05	CCDB	National	N	N	Y	Y	
06	CODEC	National	Y	N	Y	Y	
07	Ghashful	Regional	Y	N	Y	Y	
08	GUK	Regional	Y	N	Y	Y	
09	Proshika	National	Y	Y	Y	Y	
10	RDRS	Regional	Y	Y	Y	Y	
11	SHAKTI	National	Y	N	Y	Y	
12	TMSS	National	Y	Y	Y	Y	
13	UTTARAN	Regional	Y	N	Y	Y	
14	VARD	Regional	Y	N	Y	Y	
15	YPSHA	Regional	Y	N	Y	Y	



## ANNEX BB

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### Subsector Specific Business Development Services

#### Principal Suppliers of BDS Specific to the Handicrafts Subsector

Agency / Project / Institution	Denomination	Business Development Services Provided
BanglaCraft	Trade association	Lobby, policy, training, market access
BSCIC	GOB	Skills training, enterprise development, trade fairs, product development
BSCIC Design Centre	GOB	Design
BHMC (Handicrafts Marketing Company)	Private (sold by BSCIC)	Marketing, local promotion at centres around the country
JOBS	USAID	Entrepreneurship and skills training
BAS	GTZ	Information, TA, marketing, training
DCCI (Dhaka)	Chamber	Information, business skills development, market linkage, exhibits
DTC (Design and Technology Centre)	GTZ	Design, production, market access
TIPS	EC	Women business development through trade fairs, Internet training, export documentation
Various	NGOs	Diverse programs under Grameen, BRAC, Proshika, ASA to support entrepreneurship growth

### Principal Suppliers of BDS to the Textile & Handloom Subsector

Agency/Project/ Institution	Denomination	Business Development Services Provided
Bangladesh Handloom Board	GOB	Promotion, credit, skill development, business development, market linkage, trade fairs, information
Bangladesh Textile Mills Corporation	GOB	Promotion, market linkage, policy, trade fairs, information
Bangladesh Yarn Merchants' Association	Association	Information, business linkage
Bangladesh Weavers' Products and Manufacturers Association	Association	Business linkage, information, training, trade fairs, marketing, skill training
Bangladesh Specialised Textile Mills and Powerloom Industries Association	Association	Advocacy, policy, business linkage, information, training, trade fairs, marketing, skill training
Bangladesh Textile Mills Owners Association	Association	Advocacy, policy, business linkage, information, training, trade fairs, marketing, skill training
Bangladesh Textile Mills Association	Association	Advocacy, policy, business linkage, information, training, trade fairs, marketing, skill training
Bangladesh Textile Dyeing and Printing Industries Association	Association	Business linkage, skill training
NASCIB (National Association of Small and Cottage Industries of Bangladesh)	Association	Advocacy, policy, business linkage, information, training, trade fairs, marketing, skill training, study tours and artisans workshops
BGMEA (Bangladesh Garments Manufacturers and Exporters Association)	Association	Promotion, marketing, business linkage, trade fairs
Khaddar Cooperative and Cottage Industries Association	Association	Marketing, business linkage and promotion
Bangladesh Dress Makers Association	Association	Design, business linkage
Bangladesh Hosiery Association	Association	Business linkage

### Principal Suppliers of BDS to the Footwear and Leather Products Subsector

Agency / Project / Institution	Denomination	Business Development Services Provided
JOBS	USAID	Cluster training, trade skills training, product development, trade fair participation
BAS	GTZ	Trade fair participation, market information, production advisory, joint venture
DTC (Design & Technology Centre)	GTZ	Design, skill training, product development (inauguration 5 Dec.)
Chittagong Small Footwear Industry Owners Association	Association	Lobby, Business linkage
BSSMEA (B'desh Sports Shoes Manufacturers and Exporters Association)	Association	Lobby
DANIDA Private Sector Development Programme	Donor	Business linkage (Joint Venture / Cooperation Promotion)
BFLLEA (B'desh Finished Leather, Leather Goods and Footwear)	Association	Lobby
BEMAP/ECOTA Forum	Donor/NGO	Training, fair participation (local & overseas), design assistance
BSCIC Design Centre	GOB	Training on design and production of handicrafts including leather products
Bangla Craft	Association	Advocacy, lobby
B'desh College of leather Technology	GOB	Technical and vocational education in footwear and leather goods